STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL

5. MINERAL LEASE NO: ML-21509	6. SURFACE: Tribal
7. IF INDIAN, ALLOTTEE OR TRIBE NAME: Ute Tribe	
8. UNIT or CA AGREEMENT NAME: NA	
9. WELL NAME and NUMBER: State 920-32P	
10. FIELD AND POOL, OR WILDCAT: Natural Buttes Field	
11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Sec 32 T 9S R 20E S.L.B.& M. SESE	
12. COUNTY: Uintah	13. STATE UTAH

1A. TYPE OF WORK: DRILL [X] REENTER [ ] DEEPEN [ ]

B. TYPE OF WELL: OIL [ ] GAS [X] OTHER _____ SINGLE ZONE [ ] MULTIPLE ZONE [X]

2. NAME OF OPERATOR: Kerr-McGee Oil & Gas Onshore, LP Raleen White

3. ADDRESS OF OPERATOR: PO Box 173779 Denver (CITY) CO (STATE) 80202-3779 (ZIP) PHONE NUMBER: 720-929-6666

4. LOCATION OF WELL (FOOTAGES) 612484 X
AT SURFACE: 563' FSL 599' FEL Lat: 39.985350 Long: -109.682560 NAD 27
AT PROPOSED PRODUCING ZONE: 4426750Y 39.985328 -109.682569

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: Approximately 38.3 miles south of Vernal, Utah

15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET): 563'	16. NUMBER OF ACRES IN LEASE: 1600.00	17. NUMBER OF ACRES ASSIGNED TO THIS WELL: 40 acres
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET): ±1,000'	19. PROPOSED DEPTH: 10,500' MD	20. BOND DESCRIPTION: 2201382
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 4,919' KB	22. APPROXIMATE DATE WORK WILL START: ASAP	23. ESTIMATED DURATION: 10 days

24. **PROPOSED CASING AND CEMENTING PROGRAM**

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT			SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT			
12.25"	9.625"	J-55	36#	2,700' (MD)	Premium Cement	215	1.18	15.60
					Premium Cement	50	1.18	15.60
7.875"	4.5"	P-110	11.6#	10,500' (MD)	Premium Lite II	510	3.38	11.00
					50/50 Poz G	1,660	1.31	14.30

25. **ATTACHMENTS**

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

[X] WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
[X] COMPLETE DRILLING PLAN
[X] EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
[ ] FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Raleen White TITLE Sr. Regulatory Analyst

SIGNATURE Raleen White DATE 2-13-2009

(This space for State use only)

Federal Approval of this Action is Necessary

Approved by the Utah Division of Oil, Gas and Mining

RECEIVED
FEB 17 2009
DIV. OF OIL, GAS & MINING

API NUMBER ASSIGNED: 43-047-40563

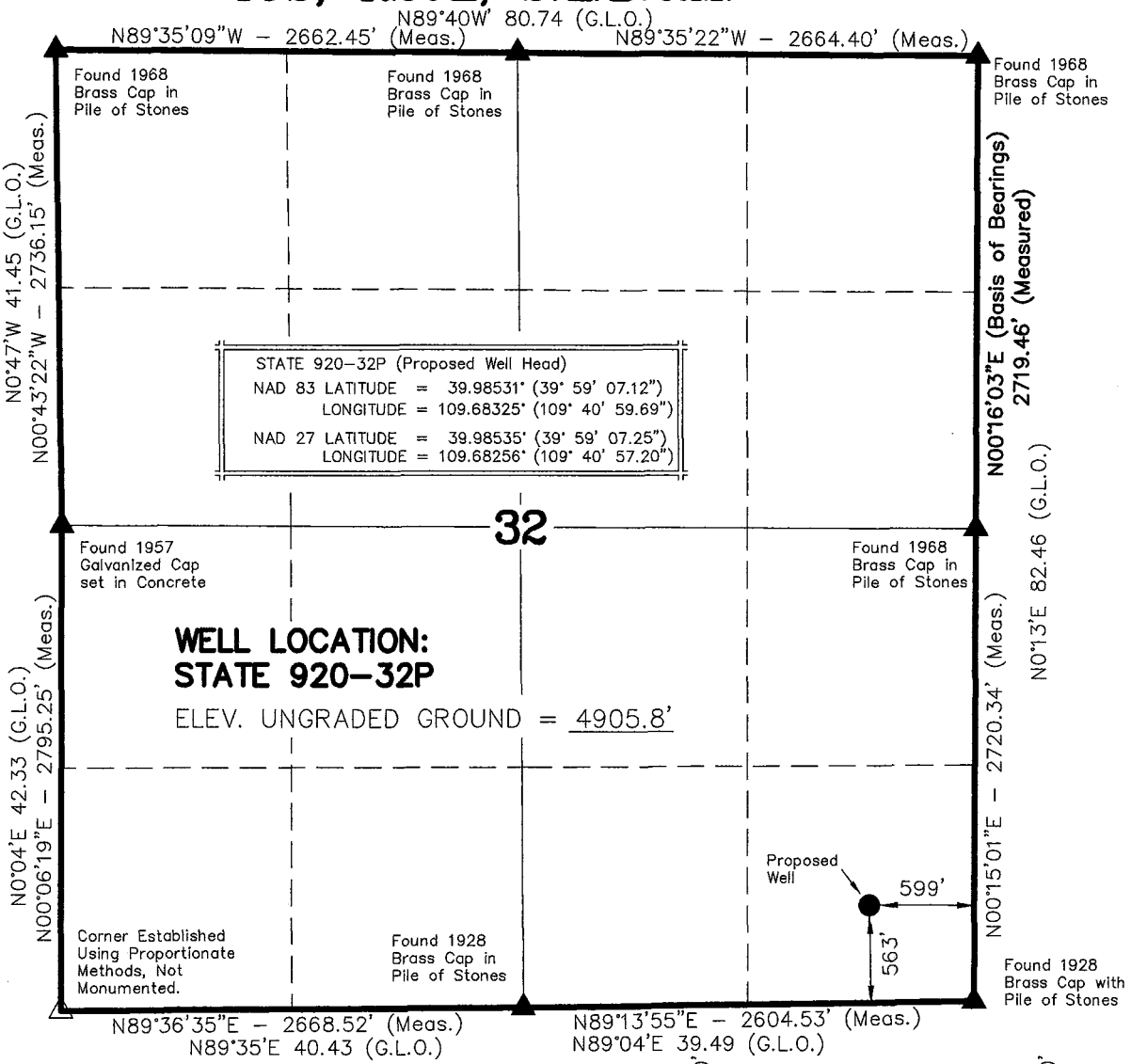
APPROVAL: Date: 04-27-09 By:

(11/2001)

Federal Approval of this Action is Necessary

State 920-32P UDOGM Form.xls (ST) APD

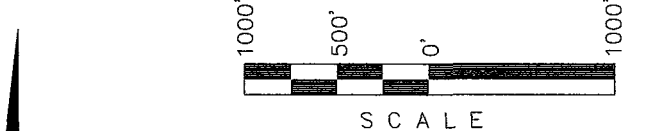
T9S, R20E, S.L.B.&M.



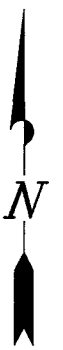
NOTES:

▲ = Section Corners Located

1. Well footages are measured at right angles to the Section Lines.
2. G.L.O. distances are shown in feet or chains. 1 chain = 66 feet.
3. Bearings are based on Global Positioning Satellite observations.
4. Basis of elevation is the Northwest Corner of Section 12, T9S, R20E, S.L.B.&M. The elevation of this Section Corner is shown on the Ouray SE 7.5 Min. Quadrangle as being 4676'.

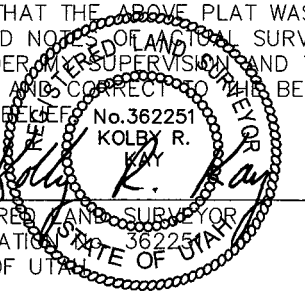


SCALE



SURVEYOR'S CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE BEST OF MY KNOWLEDGE AND BELIEF.



REGISTERED LAND SURVEYOR
REGISTRATION NO. 362251
STATE OF UTAH

Kerr–McGee Oil & Gas Onshore, LP

1099 18th Street – Denver, Colorado 80202

STATE 920-32P
WELL PLAT
563' FSL, 599' FEL
SE ¼ SE ¼ OF SECTION 32, T9S, R20E,
S.L.B.&M. UINTAH COUNTY, UTAH.

609 CONSULTING, LLC
371 Coffeen Avenue
Sheridan WY 82801
Phone 307-674-0609
Fax 307-674-0182

TIMBERLINE (435) 789-1365
ENGINEERING & LAND SURVEYING, INC.
38 WEST 100 NORTH – VERNAL, UTAH 84078

DATE SURVEYED: 10-22-08	SURVEYED BY: M.S.B.	SHEET
DATE DRAWN: 10-27-08	DRAWN BY: E.M.S.	1
SCALE: 1" = 1000'	Date Last Revised:	OF 9

State 920-32P
SESE Sec. 32, T9S,R20E
UINTAH COUNTY, UTAH
ML-21509

ONSHORE ORDER NO. 1

DRILLING PROGRAM

1. – 2. Estimated Tops of Important Geologic Markers:
Estimated Depths of Anticipated Water, Oil, Gas, or Mineral Formations:

Formation	Depth	Resource
Uinta	0 – Surface	
Green River	1,615'	
Birds Nest	1,854'	Water
Mahogany	2,289'	Water
Wasatch	5,039'	Gas
Mesaverde	8,402'	Gas
MVU2	9,199'	Gas
MVL1	9,740'	Gas
TD	10,500'	

3. Pressure Control Equipment (Schematic Attached)

Please refer to the attached Drilling Program.

4. Proposed Casing & Cementing Program:

Please refer to the attached Drilling Program.

5. Drilling Fluids Program:

Please refer to the attached Drilling Program.

6. Evaluation Program:

Please refer to the attached Drilling Program.

7. Abnormal Conditions:

Maximum anticipated bottomhole pressure calculated at 10,500' TD, approximately equals 6,705 psi (calculated at 0.64 psi/foot).

Maximum anticipated surface pressure equals approximately 4,395 psi (bottomhole pressure minus the pressure of a partially evacuated hole calculated at 0.22 psi/foot).

8. Anticipated Starting Dates:

Drilling is planned to commence immediately upon approval of this application.

9. Variances:

Please refer to the attached Drilling Program.
Onshore Order #2 – Air Drilling Variance

Kerr-McGee Oil & Gas Onshore LP (KMG) respectfully requests a variance to several requirements associated with air drilling outlined in Onshore Order 2

- *Blowout Prevention Equipment (BOPE) requirements;*
- *Mud program requirements; and*
- *Special drilling operation (surface equipment placement) requirements associated with air drilling.*

This Standard Operating Practices addendum provides supporting information as to why KMG current air drilling practices for constructing the surface casing hole should be granted a variance to Onshore Order 2 air drilling requirements.

The reader should note that the air rig is used only to construct a stable surface casing hole through a historically difficult lost circulation zone. A conventional rotary rig follows the air rig, and is used to drill and construct the majority of the wellbore.

More notable, KMG has used the air rig layout and procedures outlined below to drill the surface casing hole in approximately 675 wells without incident of blow out or loss of life.

Background
In a typical well, KMG utilizes an air rig for drilling the surface casing hole, an interval from the surface to surface casing depths, which varies in depth from 1,700 to 2,800 feet. The air rig drilling operation does not drill through productive or over pressured formations in KMG field, but does penetrate the Uinta and Green River Formations. The purpose of the air drilling operation is to overcome the severe loss circulation zone in the Green River known as the Bird's Nest while creating a stable hole for the surface casing. The surface casing hole is generally drilled to approximately 500 feet below the Bird's Nest.

Before the surface air rig is mobilized, a rathole rig is utilized to set and cement conductor pipe through a competent surface formation. Generally, the conductor is set at 40 feet. In some cases, conductor may be set deeper in areas that the surface formation is not found competent. This rig also drills the rat and mouse holes in preparation for the surface casing and production string drilling operations.

The air rig is then mobilized to drill the surface casing hole by drilling a 12-1/4 inch hole to just above the Bird's Nest interval with an air hammer. The hammer is then tripped and replaced with a 12-1/4 inch tri-cone bit. The tri-cone bit is used to drill to the surface casing point, approximately 500 feet below the loss circulation zone (Bird's Nest). The 9-5/8 inch surface casing is then run and cemented in place, thereby isolating the lost circulation zone.

KMG fully appreciates Onshore Order 2 well control and safety requirements associated with a typical air drilling operations. However, the requirements of Onshore Order 2 are excessive with respect to the air rig layout and drilling operation procedures that are currently in practice to drill and control the surface casing hole in KMG Fields.

Variance for BOPE Requirements
The air rig operation utilizes a properly lubricated and maintained air bowl diverter system which diverts the drilling returns to a six-inch blooie line. The air bowl is the only piece of BOPE equipment which is installed during drilling operations and is sufficient to contain the air returns associated with this drilling operation. As was discussed earlier, the drilling of the surface hole does not encounter any over pressured or productive zones, and as a result standard BOPE equipment should not be required. In addition, standard drilling practices do not support the use of BOPE on 40 feet of conductor pipe.

Variance for Mud Material Requirements
Onshore Order 2 also states that sufficient quantities of mud materials shall be maintained or readily accessible for the purpose of assuring adequate well control. Once again, the surface hole drilling operations does not encounter over pressured or productive intervals, and as a result there is not a need to control pressure in the surface hole with a mud system. Instead of mud, the air rigs utilize water from the reserve pit for well control, if necessary. A skid pump which is located near the reserve pit (see attachment) will supply the water to the well bore.

Variance for Special Drilling Operation (surface equipment placement) Requirements
Onshore Order 2 requires specific safety distances or setbacks for the placement of associated standard air drilling equipment, wellbore, and reserve pits. The air rigs used to drill the surface holes are not typical of an air rig used to drill a producing hole in other parts of the US. These are smaller in nature and designed to fit a KMG location. The typical air rig layout for drilling surface hole in the field is attached.

Typically the blooie line discharge point is required to be 100 feet from the well bore. In the case of a KMG well, the reserve pit is only 45 feet from the rig and is used for the drill cuttings. The blooie line, which transports the drill cuttings from the well to the reserve pit, subsequently discharges only 45 feet from the well bore.

Typically the air rig compressors are required to be located in the opposite direction from the blooie line and a minimum of 100 feet from the well bore. At the KMG locations, the air rig compressors are approximately 40 feet from the well bore and approximately 60 feet from the blooie line discharge due to the unique air rig design. The air compressors (see attachment) are located on the rig (1250 cfm) and on a standby trailer (1170 cfm). A booster sits between the two compressors and boosts the output from 350 psi to 2000 psi. The design does put the booster and standby compressor opposite from the blooie line.

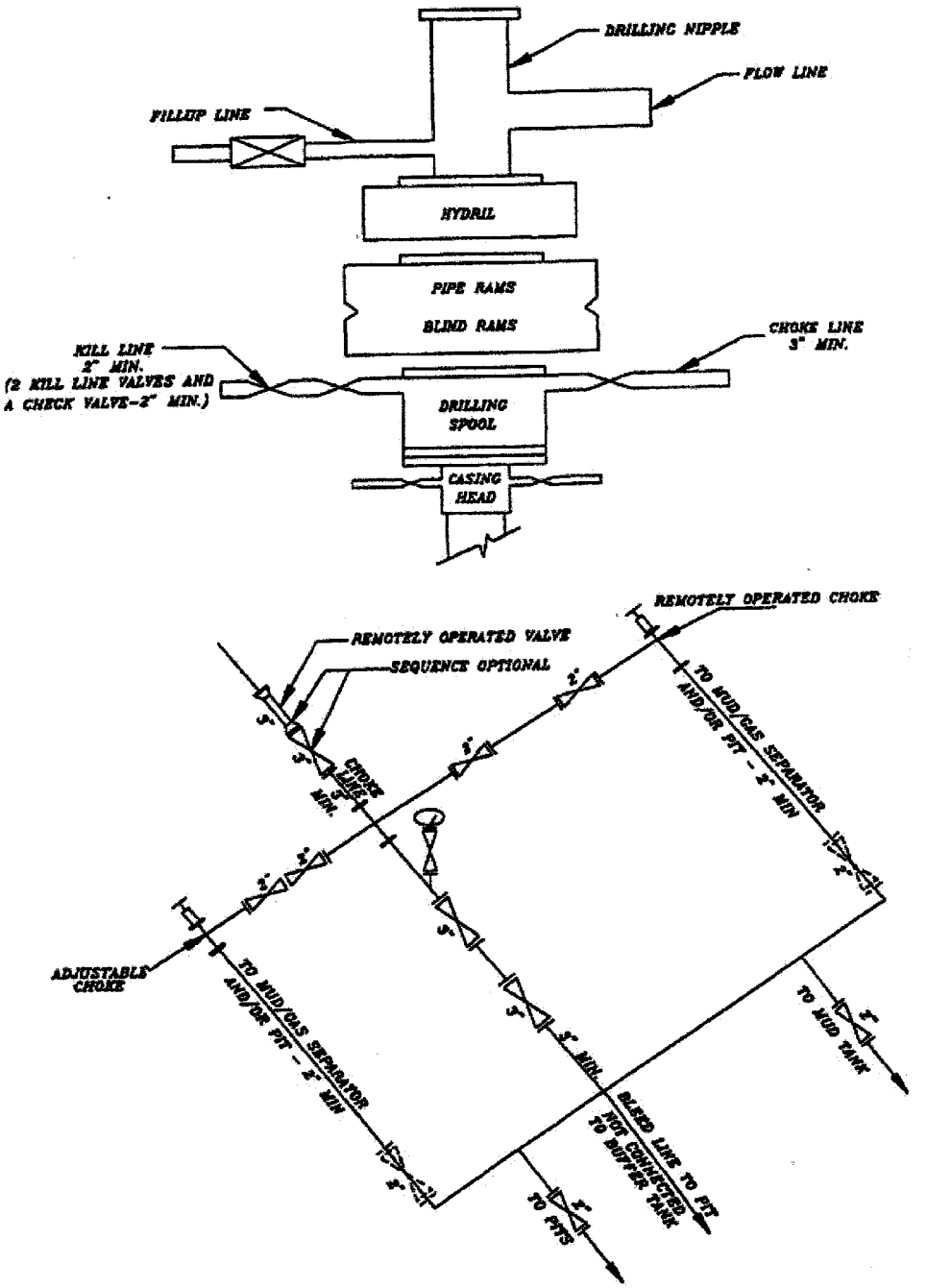
Lastly, Onshore Order 2 addresses the need for an automatic igniter or continuous pilot light on the blooie line. The air rig does not utilize an igniter as the surface hole drilling operation does not encounter productive formations.

Conclusion
The air rig operating procedures and the attached air rig layout have effectively maintained well control while drilling the surface holes in KMG Fields. KMG respectfully requests a variance from Onshore Order 2 with respect to air drilling well control requirements as discussed above.

10. Other Information:

Please refer to the attached Drilling Program.

EXHIBIT A
State 920-32P



SCHEMATIC DIAGRAM OF 5,000 PSI BOP STACK

State 920-32P
SESE SEC. 32, T9S, R20E
UINTAH COUNTY, UTAH
ML-21509

ONSHORE ORDER NO. 1

MULTI-POINT SURFACE USE & OPERATIONS PLAN

1. **Existing Roads:**

Refer to Topo Map A for directions to the location.

Refer to Topo Maps A and B for location of access roads within a 2 mile radius.

All existing roads will be maintained and kept in good repair during all drilling and completion operations associated with this well.

2. **Planned Access Roads:**

Approximately ±911' of new access road is proposed. Please refer to the attached Topo Map B.

The upgraded and new portions of the access road will be crowned and ditched with a running surface of 18 feet and a maximum disturbed width of 30 feet. Appropriate water control will be installed to control erosion.

Existence of pipelines; maximum grade; turnouts; major cut and fills, culverts, or bridges; gates, cattle guards, fence cuts, or modifications to existing facilities were determined at the on-site.

The access road was centerline flagged during time of staking.

Surfacing material may be necessary, depending upon weather conditions.

Surface disturbance and vehicular traffic will be limited to the approved location and approved access route. Any additional area needed will be approved in advance.

3. **Location of Existing Wells Within a 1-Mile Radius:**

Please refer to Topo Map C.

4. **Location of Existing & Proposed Facilities:**

The following guidelines will apply if the well is productive.

All production facilities will be located on the disturbed portion of the well pad and at a minimum of 25 feet from the toe of the back slope or the top of the fill slope.

A dike will be constructed completely around those production facilities which contain fluids (i.e., production tanks, produced water tanks, and/or heater/treater). These dikes will be constructed of compacted subsoil, be impervious, hold 100% of the capacity of the largest tank, and be independent of the back cut.

All permanent (on-site six months or longer) above the ground structures constructed or installed, including pumping units, will be painted a flat, non-reflective, earthtone color to match one of the standard environmental colors, as determined by the five state Rocky Mountain Inter-Agency Committee.

All facilities will be painted within six months of installation. Facilities required to comply with the Occupational Safety and Health Act (OSHA) will be excluded. The required color is Shadow Gray, a non-reflective earthtone.

Any necessary pits will be properly fenced to protect livestock and prevent wildlife entry.

Approximately 2,306' of 4" pipeline is proposed. Refer to Topo D for the proposed pipeline.

5. **Location and Type of Water Supply:**

Water for drilling purposes will be obtained from Dalbo Inc.'s underground well located in Ouray, Utah, Sec. 32, T4S, R3E, Water User Claim #43-8496, Application #53617.

Water will be hauled to location over the roads marked on Maps A and B.

No water well is to be drilled on this lease.

6. **Source of Construction Materials:**

Surface and subsoil materials in the immediate area will be utilized.

Any gravel will be obtained from a commercial source.

7. **Methods of Handling Waste Materials:**

Drill cuttings will be contained and buried in the reserve pit.

Drilling fluids, including salts and chemicals, will be contained in the reserve pit. Upon termination of drilling and completion operations, the liquid contents of the reserve pit will be removed and disposed of at an approved waste disposal facility within 120 days after drilling is terminated.

The reserve pit will be constructed on the location and will not be located within natural drainage, where a flood hazard exists or surface runoff will destroy or damage the pit walls. The reserve pit will be constructed so that it will not leak, break, or allow discharge of liquids.

A plastic reinforced liner and felt will be used, it will be a minimum of 20 mil thick, with sufficient bedding used to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash or scrap that could puncture the liner will be disposed of in the pit.

Any spills of oil, gas, salt water, or other noxious fluids will be immediately cleaned up and removed to an approved disposal site.

A chemical porta-toilet will be furnished with the drilling rig.

Garbage, trash, and other waste materials will be collected in a portable, self-contained, fully enclosed trash cage during operations. No trash will be burned on location.
All debris and other waste material not contained in the trash cage will be cleaned up and removed from the location immediately after removal of the drilling rig.

Any open pits will be fenced during the operations. The fencing will be maintained until such time as the pits are backfilled.

No chemicals subject to reporting under SARA Title III (hazardous materials) in an amount greater than 10,000 pounds will be used, produced, stored, transported, or disposed of annually in association with the drilling of this well. Furthermore, no extremely hazardous substances, as defined in 40 CFR 355, in threshold planning quantities, will be used, produced, stored, transported, or disposed of in association with the drilling of this well.

Any produced water from the proposed well will be contained in a water tank and will then be hauled By truck to one of the pre-approved disposal sites: RNI, Sec. 5, T9S, R22E, NBU #159, Sec. 35,T9S, R21E, Ace Oilfield, Sec. 2, T6S, R20E, MC&MC, Sec. 12, T6S, R19E, Pipeline Facility, Sec. 36, T9S, R20E, Goat Pasture Evaporation Pond, SW/4 Sec. 16, T10S, R22E, Bonanza Evaporation Pond, Sec. 2, T10S, R23E.

8. **Ancillary Facilities:**

None are anticipated.

9. **Well Site Layout:** (See Location Layout Diagram)

The attached Location Layout Diagram describes drill pad cross-sections, cuts and fills, and locations of the mud tanks, reserve pit, flare pit, pipe racks, trailer parking, spoil dirt stockpile(s), and surface material stockpile(s).

Please see the attached diagram to describe rig orientation, parking areas, and access roads.

The reserve pit will be lined, and when the reserve pit is closed, the pit liner will be buried below plow depth.

All pits will be fenced according to the following minimum standards:

39 inch net wire will be used with at least one strand of barbed wire on top of the net wire. Barbed wire is not necessary if pipe or some type of reinforcement rod is attached to the top of the entire fence.

The net wire shall be no more than two inches above the ground. The barbed wire shall be three inches over the net wire. Total height of the fence shall be at least 42 inches.

Corner posts shall be cemented and/or braced in such a manner to keep the fence tight at all times.

Standard steel, wood, or pipe posts shall be used between the corner braces. Maximum distance between any 2 fence posts shall be no greater than 16 feet.

All wire shall be stretched, by using a stretching device, before it is attached to corner posts.

The reserve pit fencing will be on three sides during drilling operations, and on the fourth side when the rig moves off location. Pits will be fenced and maintained until cleanup.

Location size may change prior to the drilling of the well due to current rig availability. If the proposed location is not large enough to accommodate the drilling rig the location will be re-surveyed and a Form 9 shall be submitted.

10. Plans for Reclamation of the Surface:

Producing Location:

Immediately upon well completion, the location and surrounding area will be cleared of all unused tubing, materials, trash, and debris not required for production.

Immediately upon well completion, any hydrocarbons in the pit shall be removed in accordance with 43 CFR 3162.7-1.

A plastic, nylon reinforced liner will be used, it shall be torn and perforated before backfilling of the reserve pit.

Before any dirt work associated with location restoration takes place, the reserve pit shall be as dry as possible. All debris in it will be removed. Other waste and spoil materials will be disposed of immediately upon completion of operations.

The reserve pit and that portion of the location not needed for production facilities/operations will be recontoured to the approximate natural contours. The reserve pit will be reclaimed within 90 days from the date of well completion, weather permitting.

To prevent surface water (s) from standing (ponding) on the reclaimed reserve pit area, final reclamation of the reserve pit will consist of "mounding" the surface three feet above surrounding ground surface to allow the reclaimed pit area to drain effectively.

Upon completion of backfilling, leveling, and recontouring, the stockpiled topsoil will be spread evenly over the reclaimed area(s).

Dry Hole/Abandoned Location:

Abandoned well sites, roads, and other disturbed areas will be restored as near as practical to their original condition. Where applicable, these conditions include the re-establishment of irrigation systems, the re-establishment of appropriate soil conditions, and re-establishment of vegetation as specified.

All disturbed surfaces will be recontoured to the approximate natural contours, with reclamation of the well pad and access road to be performed as soon as practical after final abandonment. Reseeding operations will be performed after completion of other reclamation operations.

11. Surface/Mineral Ownership:

The well pad and access road are located on lands owned by:

Ute Indian Tribe
P.O. Box 70
Fort Duchesne, Utah 84026
(435) 722-5141

The mineral ownership is listed below:

SITLA
675 East 500 South, Suite 500
Salt Lake City, UT 84102

12. Other Information:

All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, the approved Plan of Operations, and any applicable Notice of Lessees. The Operator is fully responsible for the actions of his subcontractors. A copy of these conditions will be furnished to the field representative to ensure compliance.

The Operator will control noxious weeds along Rights-Of-Way for roads, pipelines, well sites, or other applicable facilities.

A Class III archaeological survey has been performed and will be submitted upon receipt. Paleo report is attached.

This location is not within 460' from the boundary of the Natural Buttes Unit, nor is it within 460' of any non-committed tract lying within the boundaries of the Unit.

13. Lessee's or Operators's Representative & Certification:

Raleen White
Sr. Regulatory Analyst
Kerr-McGee Oil & Gas Onshore LP
P.O. Box 173779
Denver, CO 80217-3779
(720) 929-6666

Tommy Thompson
Drilling Manager
Kerr-McGee Oil & Gas Onshore LP
P.O. Box 173779
Denver, CO 80217-3779
(720) 929-6724

Certification: All lease and/or unit operations will be conducted in such a manner that full compliance is made with all applicable laws, regulations, Onshore Oil and Gas Orders, the approved Plan of Operations, and any applicable Notice to Lessees.

The Operator will be fully responsible for the actions of its subcontractors. A complete copy of the approved "Application for Permit to Drill" will be furnished to the field representative(s) to ensure compliance and shall be on location during all construction and drilling operations.

Kerr-McGee Oil & Gas Onshore LP is considered to be the operator of the subject well. Kerr-McGee Oil & Gas Onshore LP agrees to be responsible under terms and conditions of the lease for the operations conducted upon leased lands.

Bond coverage pursuant to 43 CFR 3104 for lease activities is being provided by State Surety Bond # 22013541

I hereby certify that I, or persons under my supervision, have inspected the proposed drill site and access route, that I am familiar with the conditions that currently exist; that I have full knowledge of the State and Federal laws applicable to this operation; that the statements made in this plan are, to the best of my knowledge, true and correct; and the work associated with the operations proposed herein will be performed in conformity with this APD package and the terms and conditions under which it is approved. I also certify that I, or the company I represent, am responsible for operations conducted under this application. These statements are subject to the provisions of 18 U.S.C. 1001 for the filing of false statements.

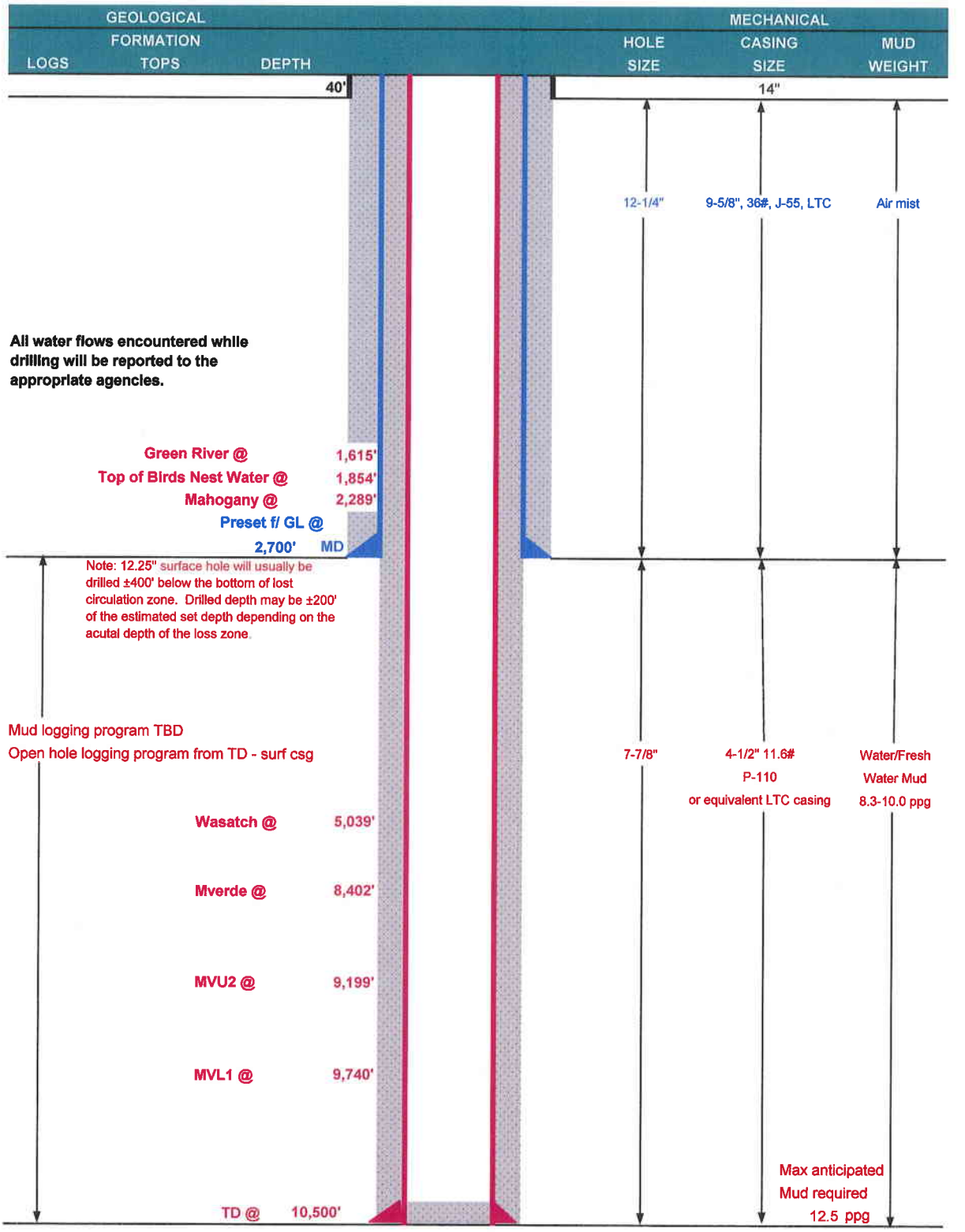
Raleen White
Raleen White

2-13-2009
Date

KERR-McGEE OIL & GAS ONSHORE LP

DRILLING PROGRAM

COMPANY NAME	KERR-McGEE OIL & GAS ONSHORE LP			DATE	February 4, 2009		
WELL NAME	**State 920-32P**			TD	10,500' MD/TVD		
FIELD	Natural Buttes	COUNTY	Uintah	STATE	Utah	ELEVATION	4,904' GL KB 4,919'
SURFACE LOCATION	SE/4 SE/4	563' FSL	599' FEL	Sec 32	T 9S	R 20E	BHL Straight Hole
	Latitude:	39.985350	Longitude:	-109.682560		NAD 27	
OBJECTIVE ZONE(S)	Wasatch/Mesaverde						
ADDITIONAL INFO	Regulatory Agencies: UDOGM (MINERALS), BIA (SURFACE), UDOGM, Tri-County Health Dept.						



KERR-McGEE OIL & GAS ONSHORE LP

DRILLING PROGRAM

CASING PROGRAM

	SIZE	INTERVAL	WT.	GR.	CPLG.	DESIGN FACTORS BURST	COLLAPSE	TENSION
CONDUCTOR	14"	0-40'						
						3,520	2,020	453,000
SURFACE	9-5/8"	0 to 2700	36.00	J-55	LTC	0.78	1.60	5.93
						10,690	7,580	279,000
PRODUCTION	4-1/2"	0 to 10500	11.60	P-110	LTC	2.37	1.11	2.62

1) Max Anticipated Surf. Press.(MASP) (Surface Casing) = (Pore Pressure at next csg point-(0.22 psi/ft-partial evac gradient x TVD of next csg point))

2) MASP (Prod Casing) = Pore Pressure at TD - (0.22 psi/ft-partial evac gradient x TD)
(Burst Assumptions: TD = 12.5 ppg) 0.22 psi/ft = gradient for partially evac wellbore
(Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)
MASP 4,395 psi

3) Maximum Anticipated Bottom Hole Pressure (MABHP) = Pore Pressure at TD
(Burst Assumptions: TD = 12.5 ppg) 0.64 psi/ft = bottomhole gradient
(Collapse Assumption: Fully Evacuated Casing, Max MW) (Tension Assumptions: Air Weight of Casing*Buoy.Fact. of water)
MABHP 6,705 psi

CEMENT PROGRAM

		FT. OF FILL	DESCRIPTION	SACKS	EXCESS	WEIGHT	YIELD
SURFACE	LEAD	500	Premium cmt + 2% CaCl	215	60%	15.60	1.18
Option 1			+ .25 pps flocele				
	TOP OUT CMT (1)	200	20 gals sodium silicate + Premium cmt	50		15.60	1.18
			+ 2% CaCl + .25 pps flocele				
	TOP OUT CMT (2)	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
SURFACE			NOTE: If well will circulate water to surface, option 2 will be utilized				
Option 2	LEAD	1500	Prem cmt + 16% Gel + 10 pps gilsonite	170	35%	11.00	3.82
			+ 25 pps Flocele + 3% salt BWOC				
	TAIL	500	Premium cmt + 2% CaCl	180	35%	15.60	1.18
			+ .25 pps flocele				
	TOP OUT CMT	as required	Premium cmt + 2% CaCl	as req.		15.60	1.18
PRODUCTION	LEAD	4,530'	Premium Lite II + 3% KCl + 0.25 pps	500	60%	11.00	3.38
			celloflake + 5 pps gilsonite + 10% gel				
			+ 0.5% extender				
	TAIL	5,970'	50/50 Poz/G + 10% salt + 2% gel	1670	60%	14.30	1.31
			+.1% R-3				

*Substitute caliper hole volume plus 0% excess for LEAD if accurate caliper is obtained
*Substitute caliper hole volume plus 10% excess for TAIL if accurate caliper is obtained

FLOAT EQUIPMENT & CENTRALIZERS

SURFACE	Guide shoe, 1 jt, insert float. Centralize first 3 joints with bow spring centralizers. Thread lock guide shoe.
PRODUCTION	Float shoe, 1 jt, float collar. Centralize first 3 joints & every third joint to top of tail cement with bow spring centralizers.

ADDITIONAL INFORMATION

Test casing head to 750 psi after installing. Test surface casing to 1,500 psi prior to drilling out.

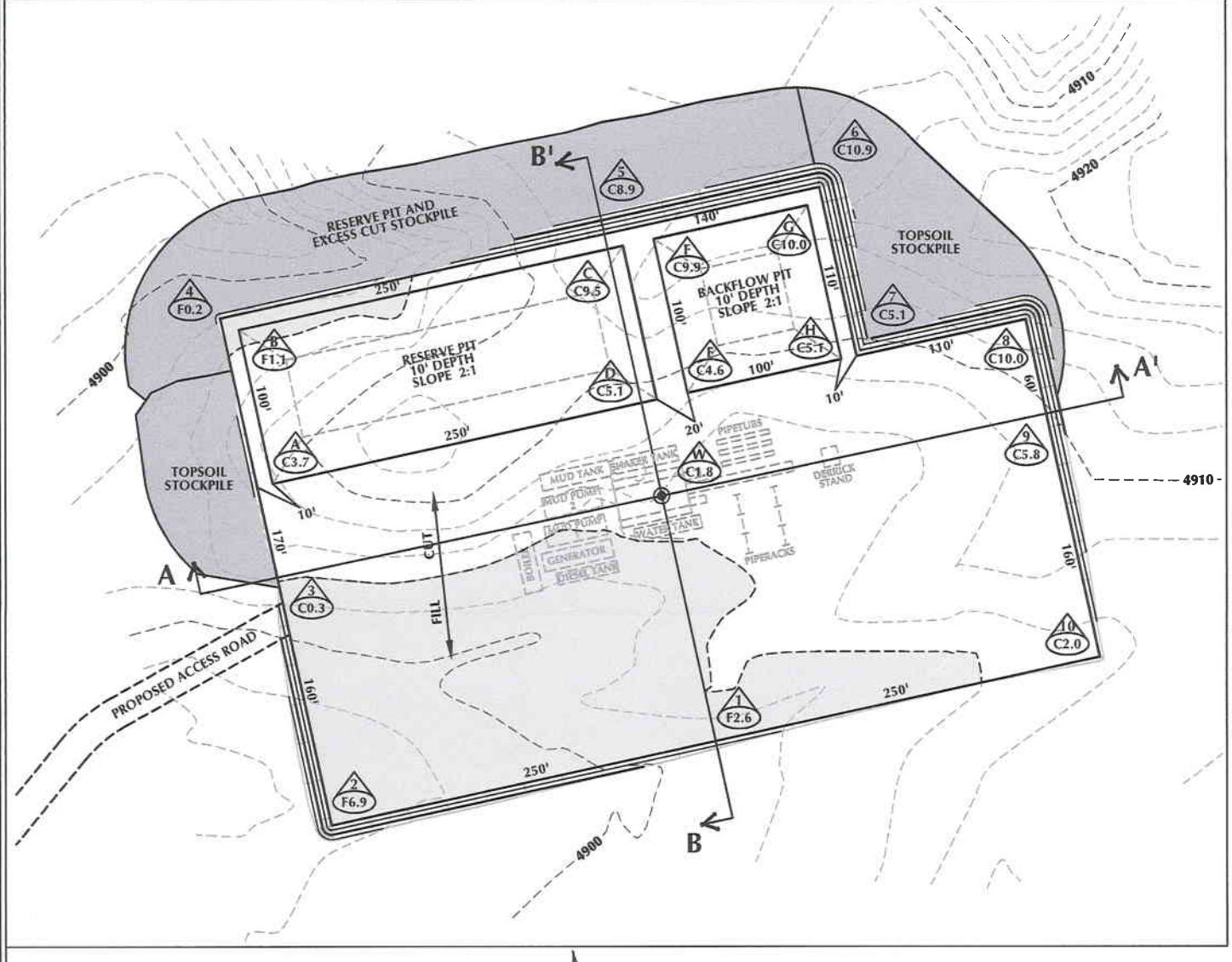
BOPE: 11" 5M with one annular and 2 rams. The BOPE will be installed before the production hole is drilled and tested to 5,000 psi (annular to 2,500 psi) prior to drilling out the surface casing shoe. Record on chart recorder and tour sheet. Function test rams on each trip. Maintain safety valve and inside BOP on rig floor at all times. Most rigs have top drives; however, if used, the Kelly is to be equipped with upper and lower kelly valves.

Drop Totco surveys every 2000'. Maximum allowable hole angle is 5 degrees.

Most rigs have PVT Systems for mud monitoring. If no PVT is available, visual monitoring will be utilized.

DRILLING ENGINEER: _____ **DATE:** _____
John Huycke / Grant Schluender

DRILLING SUPERINTENDENT: _____ **DATE:** _____
John Merkel / Lovel Young



WELL PAD LEGEND

- WELL LOCATION
- EXISTING CONTOURS (2' INTERVAL)
- PROPOSED CONTOURS (2' INTERVAL)

WELL PAD STATE 920-32P QUANTITIES

EXISTING GRADE @ LOC. STAKE = 4,905.8'
FINISHED GRADE ELEVATION = 4,904.0'
CUT SLOPES = 1.5:1
FILL SLOPES = 1.5:1

TOTAL CUT FOR WELL PAD = 16,153 C.Y.
TOTAL FILL FOR WELL PAD = 6,756 C.Y.
TOPSOIL @ 6" DEPTH = 3,065 C.Y.
EXCESS MATERIAL = 9,397 C.Y.
TOTAL DISTURBANCE = 3.80 ACRES
SHRINKAGE FACTOR = 1.10
SWELL FACTOR = 1.00
RESERVE PIT CAPACITY (2' OF FREEBOARD)
+/- 25,880 BARRELS
RESERVE PIT VOLUME
+/- 7,185 CY
BACKFLOW PIT CAPACITY (2' OF FREEBOARD)
+/- 8,780 BARRELS
BACKFLOW PIT VOLUME
+/- 2,520 CY

HORIZONTAL 0 50 100 1" = 100'
2' CONTOURS

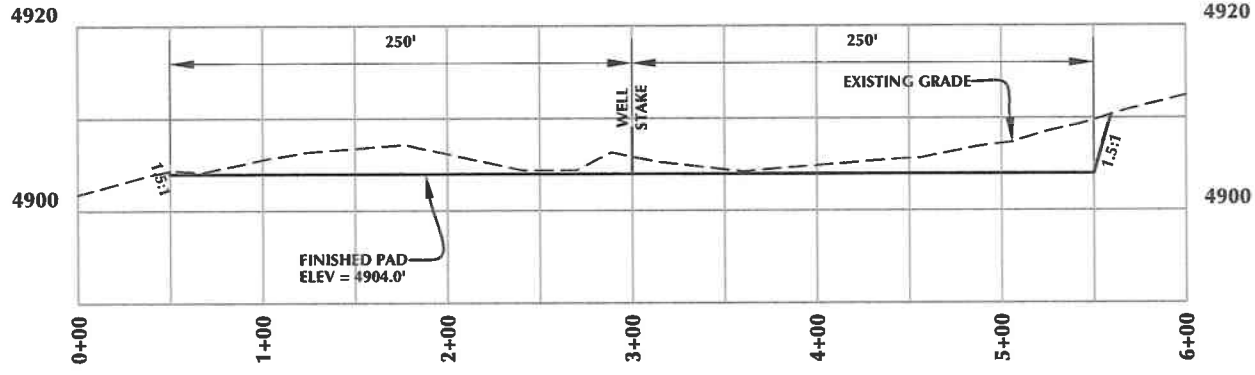
KERR-MCGEE OIL & GAS ONSHORE L.P.
1099 18th Street - Denver, Colorado 80202

STATE 920-32P
WELL PAD - LOCATION LAYOUT
563' FSL, 599' FEL
SE1/4SE1/4, SECTION 32, T.9S., R.20E.
S.L.B.&M., UINTAH COUNTY, UTAH

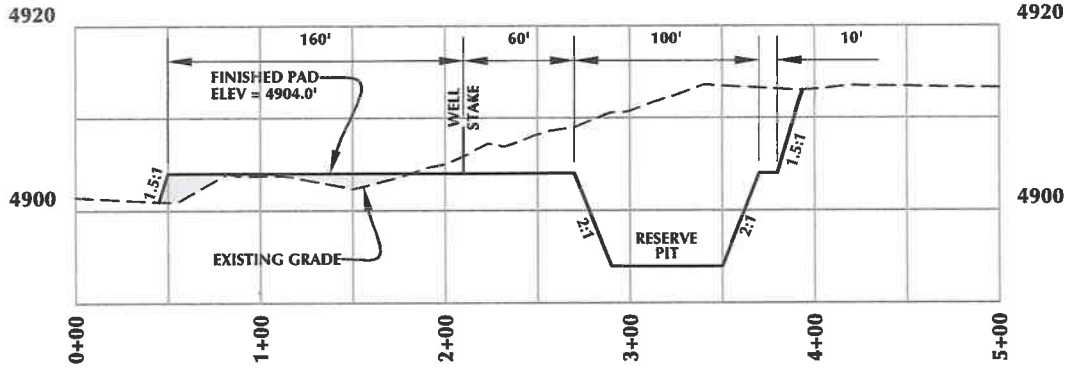
609 CONSULTING, LLC
371 Coffeen Avenue
Sheridan WY 82801
Phone 307-674-0609
Fax 307-674-0182

Scale: 1"=100'	Date: 12/18/08	SHEET NO: 2 2 OF 9
REVISED:	BY DATE	

Timberline (435) 789-1365
Engineering & Land Surveying, Inc.
38 WEST 100 NORTH VERNAL, UTAH 84078



CROSS SECTION A-A'



CROSS SECTION B-B'

KERR-MCGEE OIL & GAS
ONSHORE L.P.
1099 18th Street - Denver, Colorado 80202

STATE 920-32P
WELL PAD - CROSS SECTIONS
563' FSL, 599' FEL
SE1/4SE1/4, SECTION 32, T.9S., R.20E.
S.L.B.&M., UINTAH COUNTY, UTAH

609 CONSULTING, LLC
371 Coffeen Avenue
Sheridan WY 82801
Phone 307-674-0609
Fax 307-674-0182

Scale: 1"=100'	Date: 12/18/08	SHEET NO: 3 3 OF 9
REVISED:	BY DATE	

HORIZONTAL 0 50 100 1" = 100'
VERTICAL 0 10 20 1" = 20'

Timberline Engineering & Land Surveying, Inc.
(435) 789-1365
38 WEST 100 NORTH VERNAL, UTAH 84078

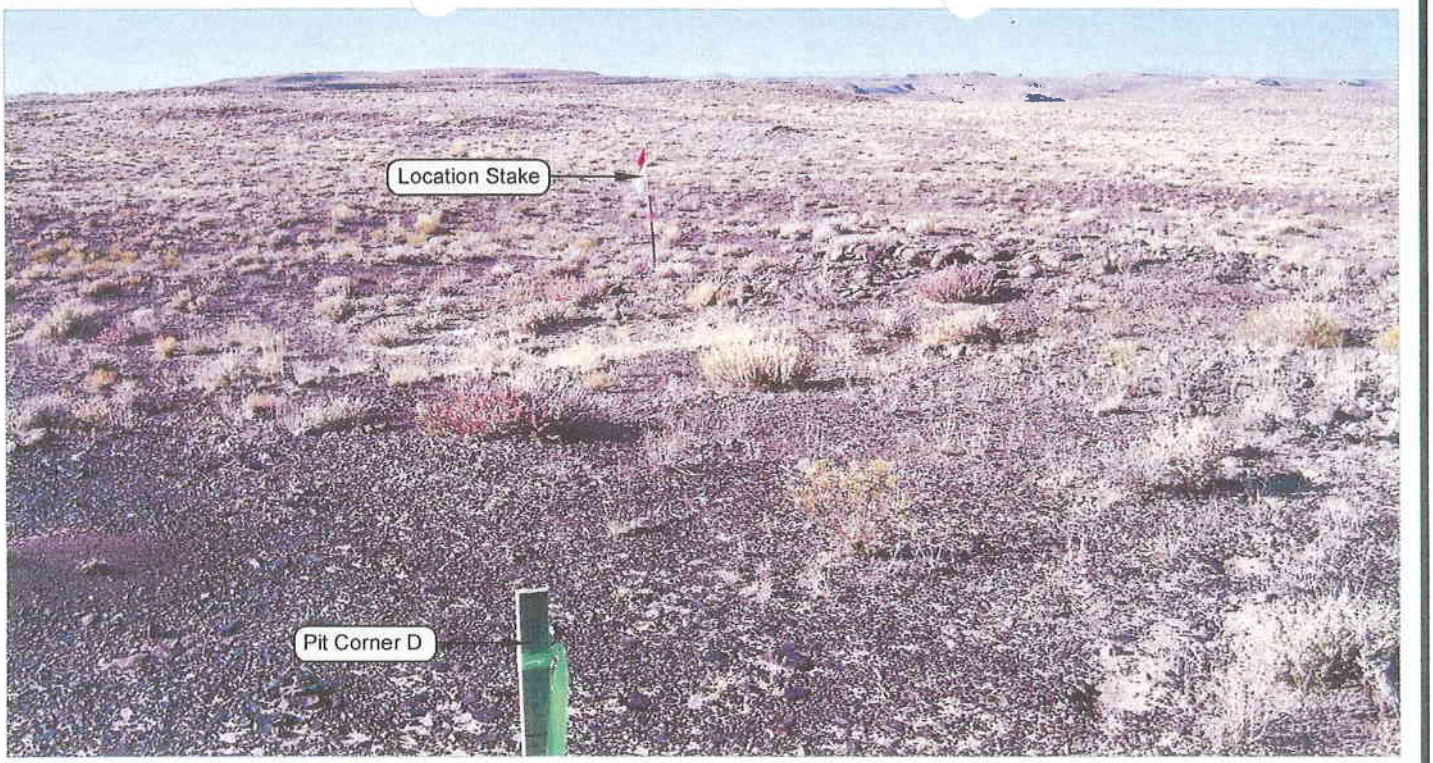


PHOTO VIEW: FROM PIT CORNER D TO LOCATION STAKE

CAMERA ANGLE: SOUTHWESTERLY

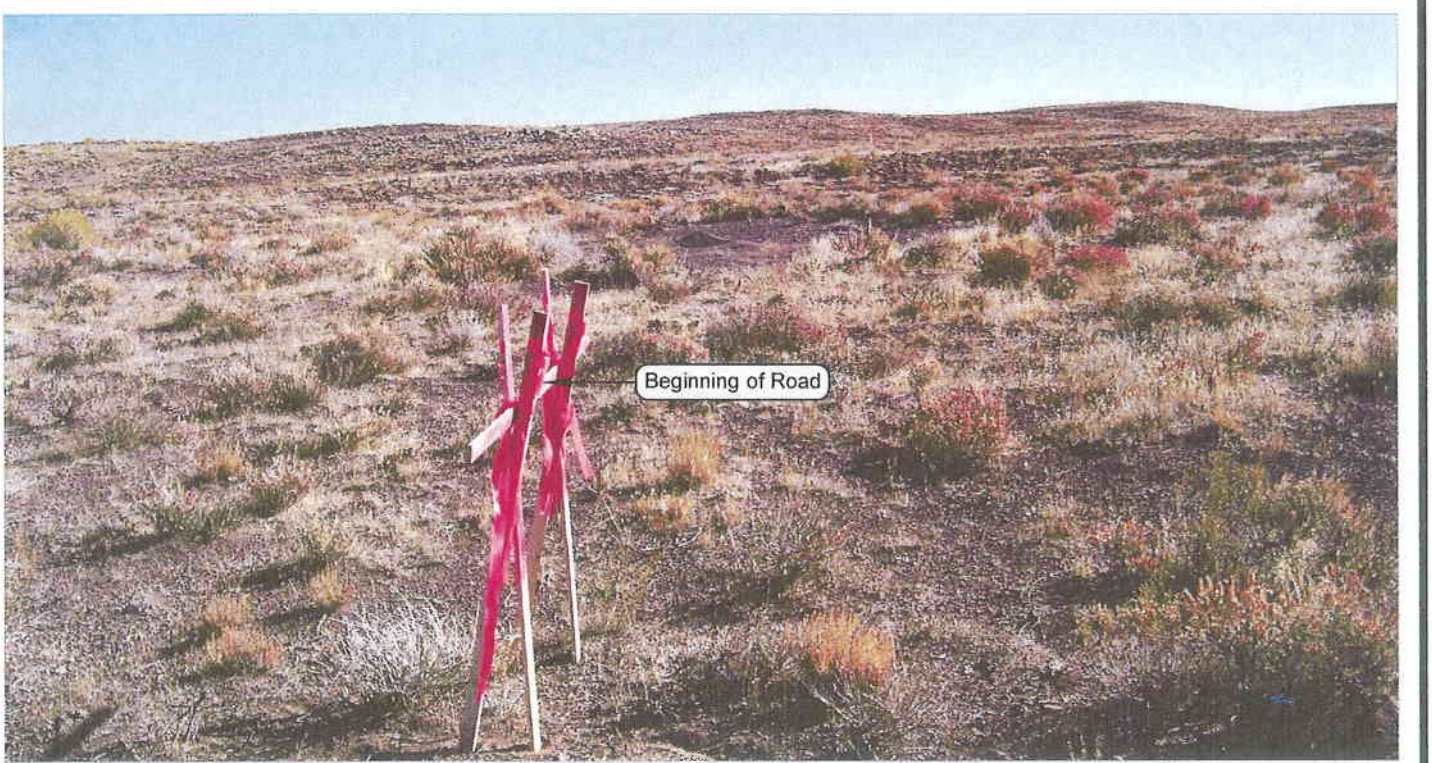


PHOTO VIEW: FROM BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: EASTERLY

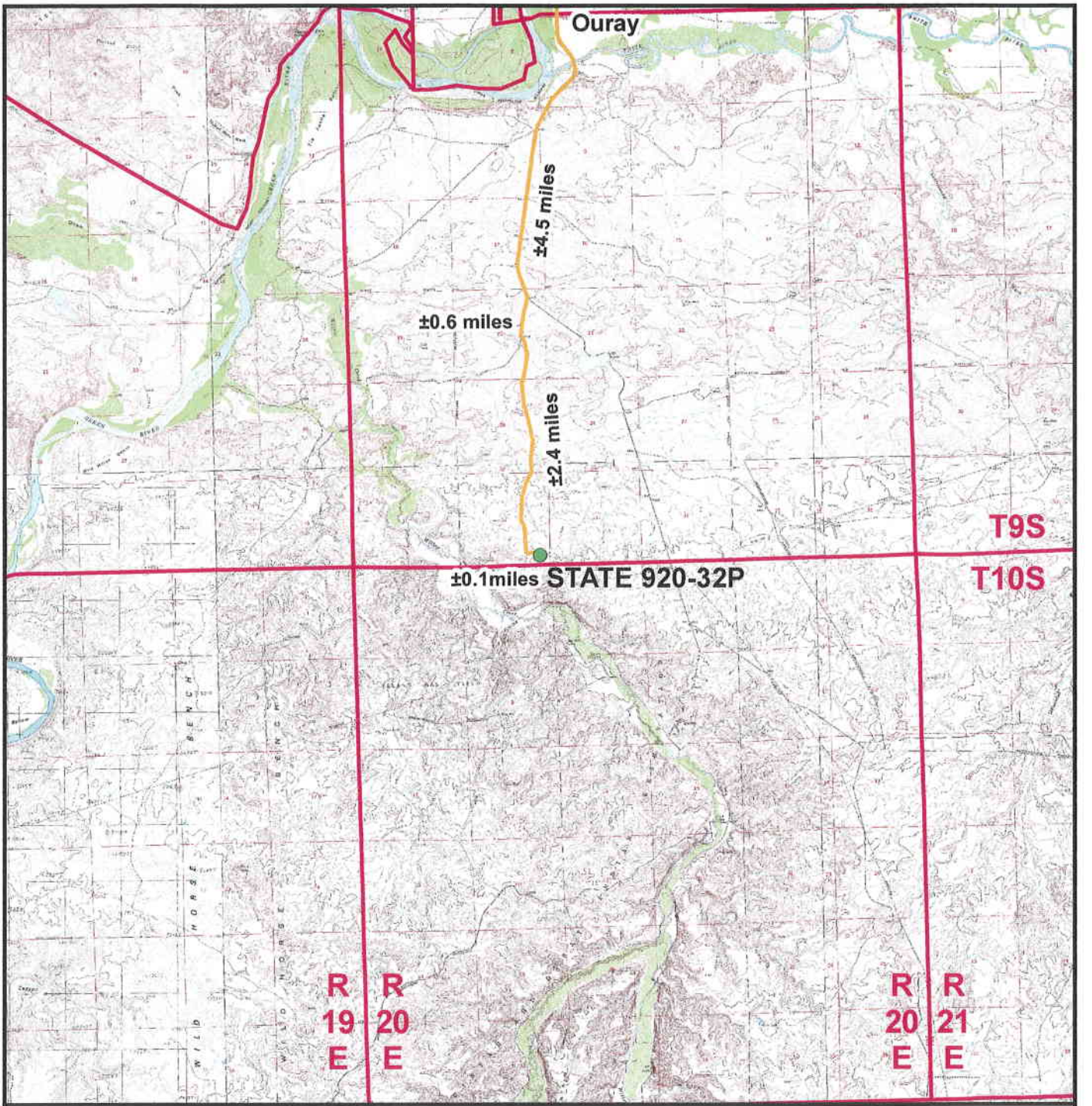
Kerr–McGee
Oil & Gas Onshore, LP
1099 18th Street – Denver, Colorado 80202

STATE 920-32P
563' FSL, 599' FEL
SE ¼ SE ¼ OF SECTION 32, T9S, R20E,
S.L.B.&M. UINTAH COUNTY, UTAH.

CONSULTING, LLC
371 Coffeen Avenue
Sheridan WY 82801
Phone 307-674-0609
Fax 307-674-0182

LOCATION PHOTOS		DATE TAKEN: 10-22-08
		DATE DRAWN: 10-28-08
TAKEN BY: M.S.B.	DRAWN BY: E.M.S.	REVISED:

Timberline Engineering & Land Surveying, Inc. (435) 789-1365
38 WEST 100 NORTH VERNAL, UTAH 84078



Legend

- Proposed STATE 920-32P Well Location
- Access Route - Proposed

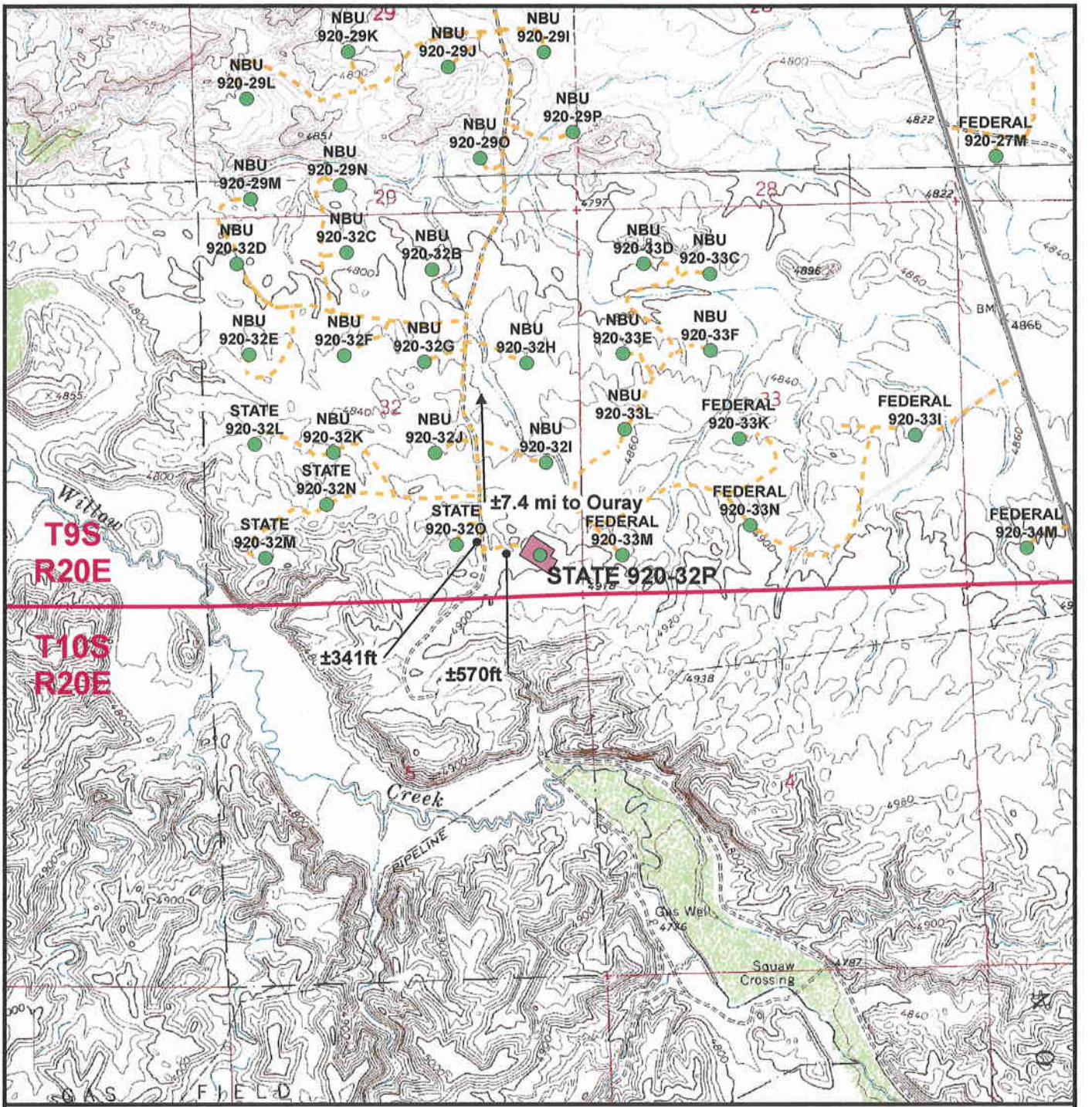
Kerr-McGee Oil & Gas Onshore, LP
1099 18th Street, Denver, Colorado 80202

STATE 920-32P
Topo A
563' FSL, 599' FEL
SE¼ SE¼, Section 32, T9S, R20E
S.L.B.&M., Uintah County, Utah

609 CONSULTING, LLC
371 Coffeen Avenue
Sheridan, WY 82801
Phone (307) 674-0609
Fax (307) 674-0182

N

Scale: 1:100,000	NAD83 USP Central	Sheet No: 5	5 of 9
Drawn: JELo	Date: 18 Dec 2008		
Revised:	Date:		



Legend

Well - Proposed | Well Pad | Road - Proposed | Road - Existing

Total Proposed Road Length: ±911ft

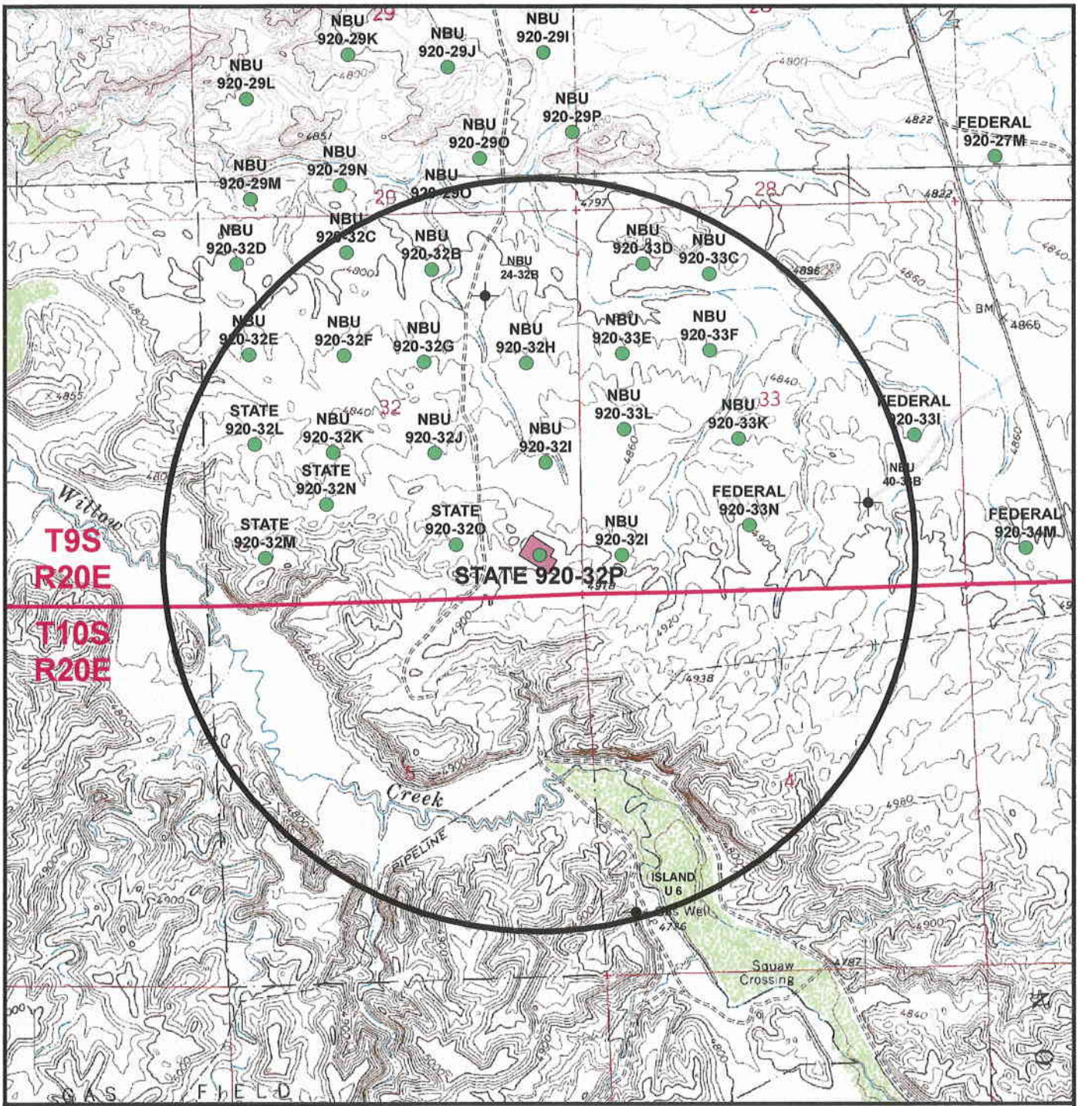
Kerr-McGee Oil & Gas Onshore, LP
1099 18th Street, Denver, Colorado 80202

STATE 920-32P
Topo B
563' FSL, 599' FEL
SE¼ SE¼, Section 32, T9S, R20E
S.L.B.&M., Uintah County, Utah

609 CONSULTING, LLC
371 Coffeen Avenue
Sheridan, WY 82801
Phone (307) 674-0609
Fax (307) 674-0182

N

Scale: 1" = 2000ft	NAD83 USP Central	Sheet No: 6 of 9
Drawn: JELo	Date: 18 Dec 2008	
Revised:	Date:	



Legend

Well locations derived from State of Utah, Dept. of Natural Resources, Division of Oil, Gas and Mining

- Well - Proposed
- Well - 1 Mile Radius
- Well Pad
- Producing
- Approved permit (APD); not yet spudded
- Spudded (Drilling commenced: Not yet comple
- Location Abandoned
- Temporarily-Abandoned
- Plugged and Abandoned
- Shut-In

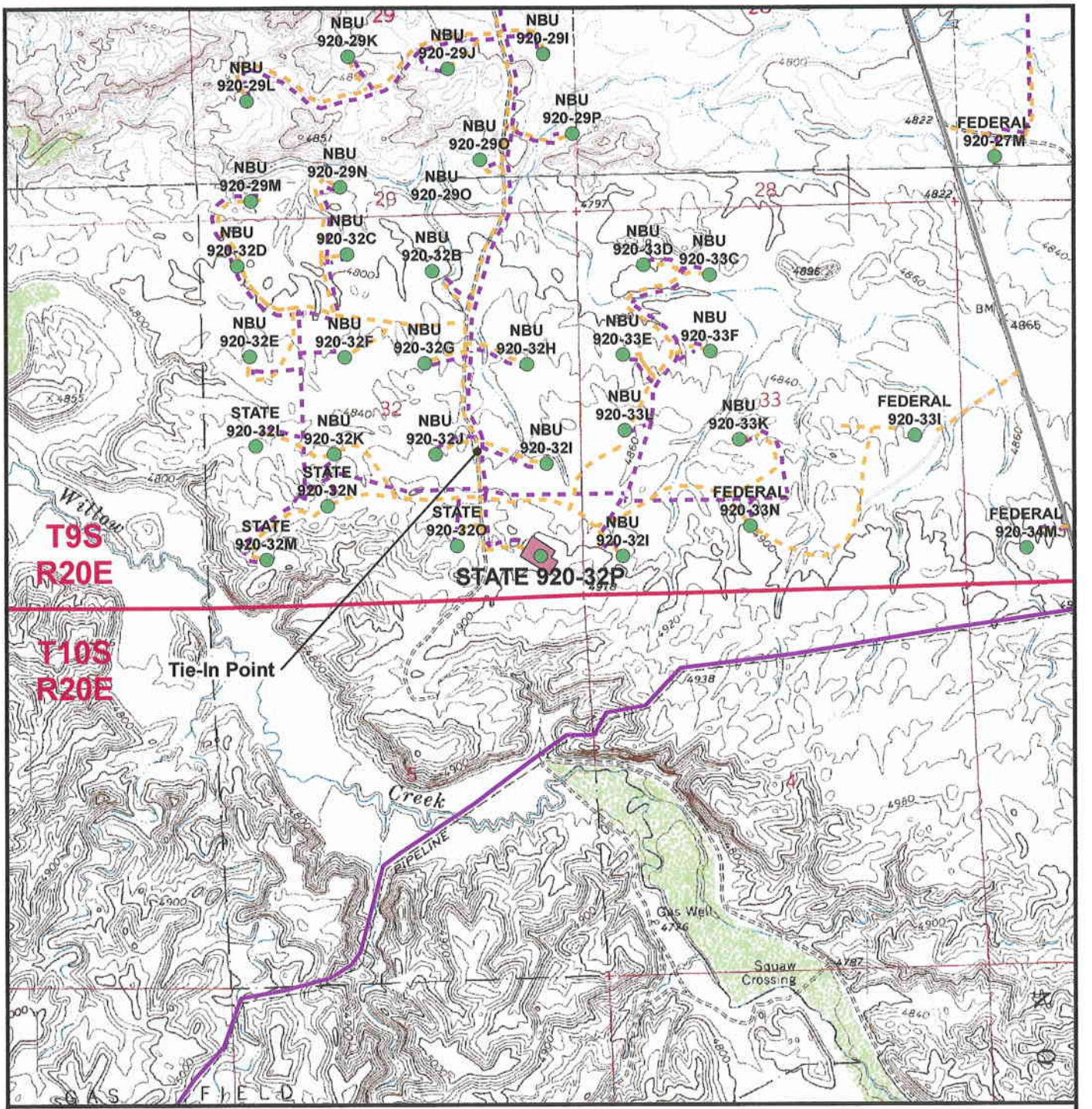
Kerr-McGee Oil & Gas Onshore, LP
1099 18th Street, Denver, Colorado 80202

STATE 920-32P
Topo C
563' FSL, 599' FEL
SE¼ SE¼, Section 32, T9S, R20E
S.L.B.&M., Uintah County, Utah

609 CONSULTING, LLC
371 Coffeen Avenue
Sheridan, WY 82801
Phone (307) 674-0609
Fax (307) 674-0182

N

Scale: 1" = 2000ft	NAD83 USP Central	Sheet No: 7	7 of 9
Drawn: JELo	Date: 18 Dec 2008		
Revised:	Date:		



Legend

Total Proposed Pipeline Length: ±2,306ft

Well - Proposed | Well Pad | Pipeline - Proposed | Road - Proposed | Pipeline - Existing | Road - Existing

Kerr-McGee Oil & Gas Onshore, LP
1099 18th Street, Denver, Colorado 80202

STATE 920-32P
Topo D
563' FSL, 599' FEL
SE¼ SE¼, Section 32, T9S, R20E
S.L.B.&M., Uintah County, Utah

609 CONSULTING, LLC
371 Coffeen Avenue
Sheridan, WY 82801
Phone (307) 674-0609
Fax (307) 674-0182

N

Scale: 1" = 2000ft	NAD83 USP Central	Sheet No: 8 of 9
Drawn: JELo	Date: 18 Dec 2008	
Revised:	Date:	

Kerr-McGee Oil & Gas Onshore, LP
STATE 920-32P
Section 32, T9S, R20E, S.L.B.&M.

PROCEED IN A WESTERLY DIRECTION FROM VERNAL, UTAH ALONG U.S. HIGHWAY 40 APPROXIMATELY 13.9 MILES TO THE JUNCTION OF STATE HIGHWAY 88. EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG STATE HIGHWAY 88 APPROXIMATELY 16.8 MILES TO OURAY, UTAH. FROM OURAY, PROCEED IN A SOUTHERLY DIRECTION ALONG THE SEEP RIDGE ROAD (COUNTY B ROAD 2810) APPROXIMATELY 4.5 MILES TO THE INTERSECTION OF THE WILD HORSE BENCH ROAD (A CLASS D COUNTY ROAD). EXIT RIGHT AND PROCEED IN A SOUTHERLY DIRECTION ALONG THE WILD HORSE BENCH ROAD APPROXIMATELY 0.6 MILES TO THE INTERSECTION OF THE WILLOW CREEK ROAD (A CLASS D COUNTY ROAD). EXIT LEFT AND PROCEED IN A SOUTHERLY DIRECTION ALONG THE WILLOW CREEK ROAD APPROXIMATELY 2.4 MILES TO THE PROPOSED ACCESS ROAD. FOLLOW ROAD FLAGS IN A EASTERLY DIRECTION APPROXIMATELY 570 FEET TO THE PROPOSED LOCATION.

TOTAL DISTANCE FROM VERNAL, UTAH TO THE PROPOSED WELL LOCATION IS APPROXIMATELY 38.3 MILES IN A SOUTHERLY DIRECTION.

IPC #08-307

Paleontological Reconnaissance Survey Report

Survey of Kerr McGee's Proposed Well Pads, Access Roads & Pipelines for "NBU #920-29L & 32D" & "State #920-32P" (Sec. 29 & 32, T 9 S, R 20 E)

Big Pack Mtn NW
Topographic Quadrangle
Uintah County, Utah

January 13, 2009

Prepared by Stephen D. Sandau
Paleontologist for
Intermountain Paleo-Consulting
P. O. Box 1125
Vernal, Utah 84078

INTRODUCTION

At the request of Raleen White of Kerr McGee Onshore LP and authorized by Bruce Pargeets of the Ute Indian Tribe and by Larry Love, Director of the Ute Indian Tribe's Energy and Minerals Department, a paleontological reconnaissance survey of Kerr McGee's proposed well pads, access roads, and pipelines for "NBU #920-29L & 32D" and "State #920-32P" (Sec. 29 & 32, T 9 S, R 20 E) was conducted by Leith Tidwell and Tom Temme on November 12, 2008. The survey was conducted under the Ute Indian Tribe Business License FY 2009, #A09-1308 and the accompanying Access Permit (effective 10/15/2008 through 3/31/2009). This survey to locate, identify and evaluate paleontological resources was done to meet requirements of the National Environmental Policy Act of 1969 and other State and Federal laws and regulations that protect paleontological resources.

FEDERAL AND STATE REQUIREMENTS

As mandated by the Federal and State government, paleontologically sensitive geologic formations on State lands that are considered for exchange or may be impacted due to ground disturbance require paleontological evaluation. This requirement complies with:

1) The National Environmental Policy Act of 1969 (NEPA) (42 U.S.C. 4321.et. Seq., P.L. 91-190);
2) The Federal Land Policy and Management Act (FLPMA) of 1976 (90 Stat. 2743, 43 U.S.C. § 1701-1785, et. Seq., P.L. 94-579) and
3) The National Historic Preservation Act.16 U.S.C. § 470-1, P.L. 102-575 in conjunction with 42 U.S.C. § 5320

The new Potential Fossil Yield Classification (PFYC) System (October, 2007) replaces the Condition Classification System from Handbook H-8270-1. Geologic units are classified based on the relative abundance of vertebrate fossils or scientifically significant invertebrate or plant fossils and their sensitivity to adverse impacts, with a higher class number indicating a higher potential.

- ***Class 1*** **– Very Low**. Geologic units (igneous, metamorphic, or Precambrian) not likely to contain recognizable fossil remains.
- ***Class 2*** **– Low.** Sedimentary geologic units not likely to contain vertebrate fossils or scientifically significant non-vertebrate fossils. (Including modern eolian, fluvial and colluvial deposits etc…)
- ***Class 3*** **– Moderate or Unknown.** Fossiliferous sedimentary geologic units where fossil content varies in significance, abundance, and predictable occurrence; or sedimentary units of unknown fossil potential.
    - ***Class 3a*** **– Moderate Potential.** The potential for a project to be sited on or impact a significant fossil locality is low, but is somewhat higher for common fossils.
    - ***Class 3b*** **– Unknown Potential.** Units exhibit geologic features and preservational conditions that suggest significant fossils could be present, but

little information about the paleontological resources of the unit or the area is known.

- ***Class 4* – High.** Geologic units containing a high occurrence of vertebrate fossils or scientifically significant invertebrate or plant fossils, but may vary in abundance and predictability.
  - ***Class 4a*** – Outcrop areas with high potential are extensive (greater than two acres) and paleontological resources may be susceptible to adverse impacts from surface disturbing actions.
  - ***Class 4b*** – Areas underlain by geologic units with high potential but have lowered risks of disturbance due to moderating circumstances such as a protective layer of soil or alluvial material; or outcrop areas are smaller than two contiguous acres.
- ***Class 5* – Very High.** Highly fossiliferous geologic units that consistently and predictably produce vertebrate fossils or scientifically significant invertebrate or plant fossils.
  - ***Class 5a*** - Outcrop areas with very high potential are extensive (greater than two acres) and paleontological resources may be susceptible to adverse impacts from surface disturbing actions.
  - ***Class 5b*** - Areas underlain by geologic units with very high potential but have lowered risks of disturbance due to moderating circumstances such as a protective layer of soil or alluvial material; or outcrop areas are smaller than two contiguous acres.

It should be noted that many fossils, though common and unimpressive in and of themselves, can be important paleo-environmental, depositional, and chronostratigraphic indicators.

LOCATION

Kerr McGee's proposed well pads, access roads, and pipelines for "NBU #920-29L & 32D" and "State #920-32P" (Sec. 29 & 32, T 9 S, R 20 E) are located on Ute Indian Reservation land about 4-6 miles south of the White River on Wild Horse Bench, about 1 mile east of Willow Creek, and some 6-8 miles south of Ouray, Utah. The project area can be found on the Big Pack Mtn NW 7.5 minute U. S. Geological Survey Quadrangle Map, Uintah County, Utah.

PREVIOUS WORK

The basins of western North America have long produced some of the richest fossil collections in the world. Early Cenozoic sediments are especially well represented throughout the western interior. Paleontologists started field work in Utah's Uinta Basin as early as 1870 (Betts, 1871; Marsh, 1871, 1875a, 1875b). The Uinta Basin is located in the northeastern corner of Utah and covers approximately 31,000 sq. km (12,000 sq. miles) ranging in elevation from 1,465 to 2,130 m (4,800 to 7,000 ft) (Marsell, 1964; Hamblin et al., 1987). Middle to late Eocene time marked a period of dramatic change in the climate, flora, (Stucky, 1992) and fauna (Black and Dawson, 1966) of North America.

GEOLOGICAL AND PALEONTOLOGICAL OVERVIEW

Early in the geologic history of Utah, some 1,000 to 600 Ma, an east-west trending basin developed creating accommodation for 25,000 feet of siliclastics. Uplift of that filled-basin during the early Cenozoic formed the Uinta Mountains (Rasmussen et al., 1999). With the rise of the Uinta Mountains the asymmetrical synclinal Uinta Basin is thought to have formed through the effects of down warping in connection with the uplift. Throughout the Paleozoic and Mesozoic deposition fluctuated between marine and non-marine environments laying down a thick succession of sediments in the area now occupied by the Uinta Basin. Portions of these beds crop out on the margins of the basin due to tectonic events during the late Mesozoic.

Early Tertiary Uinta Basin sediments were deposited in alternating lacustrine and fluvial environments. Large shallow lakes periodically covered most of the basin and surrounding areas during early to mid Eocene time (Abbott, 1957). These lacustrine sediments show up in the western part of the basin, dipping 2-3 degrees to the northeast and are lost in the subsurface on the east side. The increase of cross-bedded, coarse-grained sandstone and conglomerates preserved in paleo-channels indicates a transition to a fluvial environment toward the end of the epoch.

Four Eocene formations are recognized in the Uinta Basin: the Wasatch, Green River, Uinta and Duchesne River, respectively (Wood, 1941). The Uinta Formation is subdivided into two lithostratigraphic units namely: the Wagonhound Member (Wood, 1934), formerly known as Uinta A and B (Osborn, 1895, 1929) and the Myton Member previously regarded as the Uinta C.

Within the Uinta Basin in northeast Utah, the Uinta Formation in the western part of the basin is composed primarily of lacustrine sediments inter-fingering with over-bank deposits of silt, and mudstone and westward flowing channel sands and fluvial clays, muds, and sands in the east (Bryant et al, 1990; Ryder et al, 1976). Stratigraphic work done by early geologists and paleontologists within the Uinta Formation focused on the definition of rock units and attempted to define a distinction between early and late Uintan faunas (Riggs, 1912; Peterson and Kay, 1931; Kay 1934). More recent work focused on magnetostratigraphy, radioscopic chronology, and continental biostratigraphy (Flynn, 1986; Prothero, 1996). Well-known for its fossiliferous nature and distinctive mammalian fauna of mid-Eocene Age, the Uinta Formation is the type formation for the Uintan Land Mammal Age (Wood et al, 1941).

The Duchesne River Formation of the Uinta Basin in northeastern Utah is composed of a succession of fluvial and flood plain deposits composed of mud, silt, and sandstone. The source area for these late Eocene deposits is from the Uinta Mountains indicated by paleocurrent data (Anderson and Picard, 1972). In Peterson's (1931c) paper, the name "Duchesne Formation" was applied to the formation and it was later changed to the "Duchesne River Formation" by Kay (1934). The formation is divided up into four members: the Brennan Basin, Dry Gulch Creek, LaPoint, and Starr Flat (Anderson and Picard, 1972). Debates concerning the Duchesne River Formation, as to whether its age was late Eocene or early Oligocene, have surfaced throughout the literature of the last century (Wood et al., 1941; Scott 1945). Recent paleo-magnetostratigraphic work (Prothero, 1996) shows that the Duchesne River Formation is late Eocene in time.

FIELD METHODS

In order to determine if the proposed project area contained any paleontological resources, a reconnaissance survey was performed. An on-site observation of the proposed areas undergoing surficial disturbance is necessary because judgments made from topographic maps alone are often unreliable. Areas of low relief have potential to be erosional surfaces with the possibility of bearing fossil materials rather than surfaces covered by unconsolidated sediment or soils.

When found within the proposed construction areas, outcrops and erosional surfaces were checked to determine if fossils were present and to assess needs. Careful effort is made during surveys to identify and evaluate significant fossil materials or fossil horizons when they are found. Microvertebrates, although rare, are occasionally found in anthills or upon erosional surfaces and are of particular importance.

PROJECT AREA

The project area is situated in the Wagonhound Member (Uinta A & B) of the Uinta Formation. The following list provides a description of the individual wells and their associated pipelines and access roads.

NBU #920-29L

The proposed access road begins in the NE/SE quarter-quarter section of Sec. 29, T 9 S, R 20 E, heads west for about 5000 feet before tying into the proposed well pad in the NW/SW and SW/SW quarter-quarter sections of Sec. 29 (Figure 1). The proposed pipeline begins in the SE/SE quarter-quarter section of Sec. 29, heads west, roughly paralleling the proposed access road for 3000 feet before joining and following the access road for about 2000 feet to the proposed well pad, joining at the same tie-in point. The project area is situated in low rolling, drainage-cut hills with several large buttes in an arid scrubland. Ground cover is constituted by silty soil, some eolian deposits, and colluvium derived from clasts of purple fine-grained sandstone, gray and purple siltstone, and disaggregated sandstones and siltstones. Thin beds of purple, fine-grained, lithic sandstone outcrop in most areas with relief as resistant beds and are

also exposed in drainage channels. Thick beds of tan, medium-grained, sub-arkosic, fluvial sandstone outcrop in large rolling hills, often as a cap rock. The tan sandstone also outcrops as a ledge forming bed in steep-sided hills and ridges and is exposed in some drainage channels. Variegated beds of green mudstone and red-brown siltstone outcrop as thick units between sandstone beds.

Evidence of bioturbation is seen in most beds of the purple sandstone. Numerous ichnofossil burrows were observed in the purple, fine-grained sandstones, some identifiable as *Planolites*. Infrequent to abundant isolated fossil fragments and fragmentary scatters were observed in colluvium/alluvium throughout the area and sourcing from mudstones and siltstones in various hillsides. Most of the fragmentary material was moderately to moderately well preserved, and moderately to highly weathered. The majority of the fragmentary material was turtle shell material. Several mammal bone fragments were observed among the fragmentary material, including limb bone fragments and rib fragments. At least eight individual turtles were observed in the project area, as partial carapaces and plastrons or as fragmentary concentrations. The majority of the observed individuals were observed sourcing from green or purple siltstones, and only a few were observed sourcing from the purple, fine-grained sandstones and tan, medium-grained sandstones.

NBU #920-32D

The proposed access road departs from an existing access road located in the SW\NE quarter-quarter section of Sec. 32, T 9 S, R 20 E and continues west for approximately 1200 meters before terminating at the proposed well pad in the NW\NW quarter-quarter section of Sec. 32 (Figure 1). The proposed pipeline ties into a proposed gathering pipeline located in the SE\NW quarter-quarter section of Sec. 32 and continues for several hundred meters before terminating at the proposed well pad. The proposed access road is located on a broad flat ridgeline and crosses several small washes before reaching the proposed well pad. The proposed access road is staked primarily on colluvial material with a mixture of disaggregated fine-grained sandstone and a small amount of organic material. A few light-brown, medium-grained sandstone outcrops can be found exposed in the small erosional features crossed by the access road. The proposed pipeline is located primarily on colluvial material supporting a modest growth of sagebrush and native grasses. The proposed well pad is located on a small hilltop with covered in colluvial materials and a few fine-grained, light-brown sandstone outcrops located adjacent to the proposed access road and pipeline tie-in.

Small isolated bone scatters (probable mammalian) were discovered on the proposed access road. A widespread scattering of bone fragments and turtle shell was found adjacent to the proposed well pad tie-in with the greatest concentration of material in a fine-grained sandstone outcrop located on the southeastern margin of the proposed well pad.

State #920-32P

The proposed access road, pipeline and well pad are located in the SE\SE quarter-quarter section of Sec. 32, T 9 S, R 20 E (Figure 1). The proposed access road, pipeline and well pad are located on a broad flat ridgeline with a modest growth of sagebrush and native grasses. The proposed access road and well pad are staked primarily on colluvial material consisting of disaggregated fine-grained, brown sandstone intermixed with a small amount of organic material. The proposed

access road intersects a small outcrop of light-brown, medium-grained sandstone near the proposed well-pad tie-in. An isolated bone scatter was discovered near a medium-grained, light brown sandstone outcrop by the proposed well pad tie-in. In addition, a few mammalian bone fragments were located near the center stake of the proposed well pad.

SURVEY RESULTS

PROJECT	GEOLOGY	PALEONTOLOGY
"NBU #920-29L" (Sec. 29, T 9 S, R 20 E)	The project area is situated in low rolling, drainage-cut hills with several large buttes in an arid scrubland. Ground cover is constituted by silty soil, some eolian deposits, and colluvium derived from clasts of purple fine-grained sandstone, gray and purple siltstone, and disaggregated sandstones and siltstones. Thin beds of purple, fine-grained, lithic sandstone outcrop in most areas with relief as resistant beds and are also exposed in drainage channels. Thick beds of tan, medium-grained, sub-arkosic, fluvial sandstone outcrop in large rolling hills, often as a cap rock. The tan sandstone also outcrops as a ledge forming bed in steep-sided hills and ridges and is exposed in some drainage channels. Variegated beds of green mudstone and red-brown siltstone outcrop as thick units between sandstone beds.	Evidence of bioturbation is seen in most beds of the purple sandstone. Numerous ichnofossil burrows were observed in the purple, fine-grained sandstones, some identifiable as *Planolites*. Infrequent to abundant isolated fossil fragments and fragmentary scatters were observed in colluvium/alluvium throughout the area and sourcing from mudstones and siltstones in various hillsides. Most of the fragmentary material was moderately to moderately well preserved and moderately to highly weathered. The majority of the fragmentary material was turtle shell material. Several mammal bone fragments were observed among the fragmentary material, including limb bone fragments and rib fragments. At least eight individual turtles were observed in the project area, as partial carapaces and plastrons or as fragmentary concentrations. The majority of the observed individuals were observed sourcing from green or purple siltstones, and only a few were observed sourcing from the purple, fine-grained sandstones and tan, medium-grained sandstones. **Class 4a**

"NBU #920-32D" (Sec. 32, T 9 S, R 20 E)	The proposed access road is located on a broad flat ridgeline and crosses several small washes before reaching the proposed well pad. The proposed access road is staked primarily on colluvial material with a mixture of disaggregated fine-grained sandstone and a small amount of organic material. A few light-brown, medium-grained sandstone outcrops can be found exposed in the small erosional features crossed by the access road. The proposed pipeline is located primarily on colluvial material supporting a modest growth of sagebrush and native grasses. The proposed well pad is located on a small hilltop with covered in colluvial materials and a few fine-grained, light-brown sandstone outcrops located adjacent to the proposed access road and pipeline tie-in.	Small isolated bone scatters (probable mammalian) were discovered on the proposed access road. A widespread scattering of bone fragments and turtle shell was found adjacent to the proposed well pad tie-in with the greatest concentration of material in a fine-grained sandstone outcrop located on the southeastern margin of the proposed well pad. **Class 4a**
"State #920-32P" (Sec. 32, T 9 S, R 20 E)	The proposed access road and well pad are staked primarily on colluvial material consisting of disaggregated fine-grained, brown sandstone intermixed with a small amount of organic material. The proposed access road intersects a small outcrop of light-brown, medium-grained sandstone near the proposed well-pad tie-in.	An isolated bone scatter was discovered near a medium-grained, light brown sandstone outcrop by the proposed well pad tie-in. In addition, a few mammalian bone fragments were located near the center stake of the proposed well pad. **Class 4a**

RECOMMENDATIONS

A reconnaissance survey was conducted for Kerr McGee's proposed well pads, access roads, and pipelines for "NBU #920-29L & 32D" and "State #920-32P" (Sec. 29 & 32, T 9 S, R 20 E). The well pads and the associated access roads and pipelines covered in this report showed some signs of vertebrate fossils, therefore, we advise the following recommendations.

Due to the amount of fossil material found, we recommend that a permitted paleontologist be present to monitor the construction process of Kerr McGee's proposed well pad, access road, and pipeline for "NBU #920-29L"

Furthermore we recommend that no other paleontological restrictions should be placed on the development of the remaining projects included in this report.

Nevertheless, if any vertebrate fossil(s) are found during construction within the project area, recommendations are that a paleontologist is immediately notified in order to collect fossil materials in danger of being destroyed. Any vertebrate fossils found should be carefully moved outside of the construction areas to be check by a permitted paleontologist.

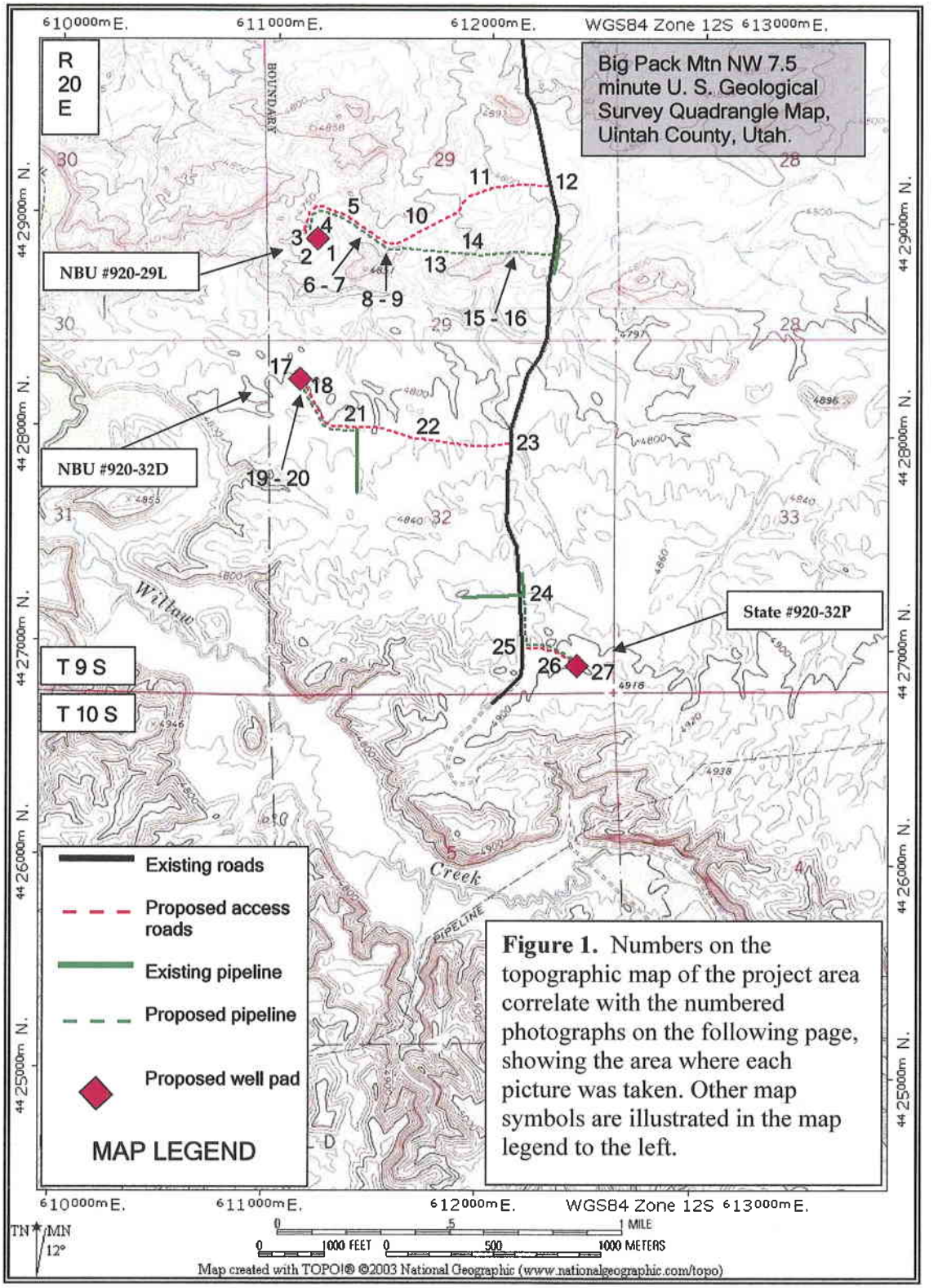

610000m E.
611000m E.
612000m E.
WGS84 Zone 12S 613000m E.
Big Pack Mtn NW 7.5 minute U. S. Geological Survey Quadrangle Map, Uintah County, Utah.
R 20 E
NBU #920-29L
NBU #920-32D
State #920-32P
T 9 S
T 10 S
Existing roads
Proposed access roads
Existing pipeline
Proposed pipeline
Proposed well pad
MAP LEGEND
Figure 1. Numbers on the topographic map of the project area correlate with the numbered photographs on the following page, showing the area where each picture was taken. Other map symbols are illustrated in the map legend to the left.
TN MN 12°
1000 FEET
500
1000 METERS
Map created with TOPO!® ©2003 National Geographic (www.nationalgeographic.com/topo)

Figure 1. *continued...*

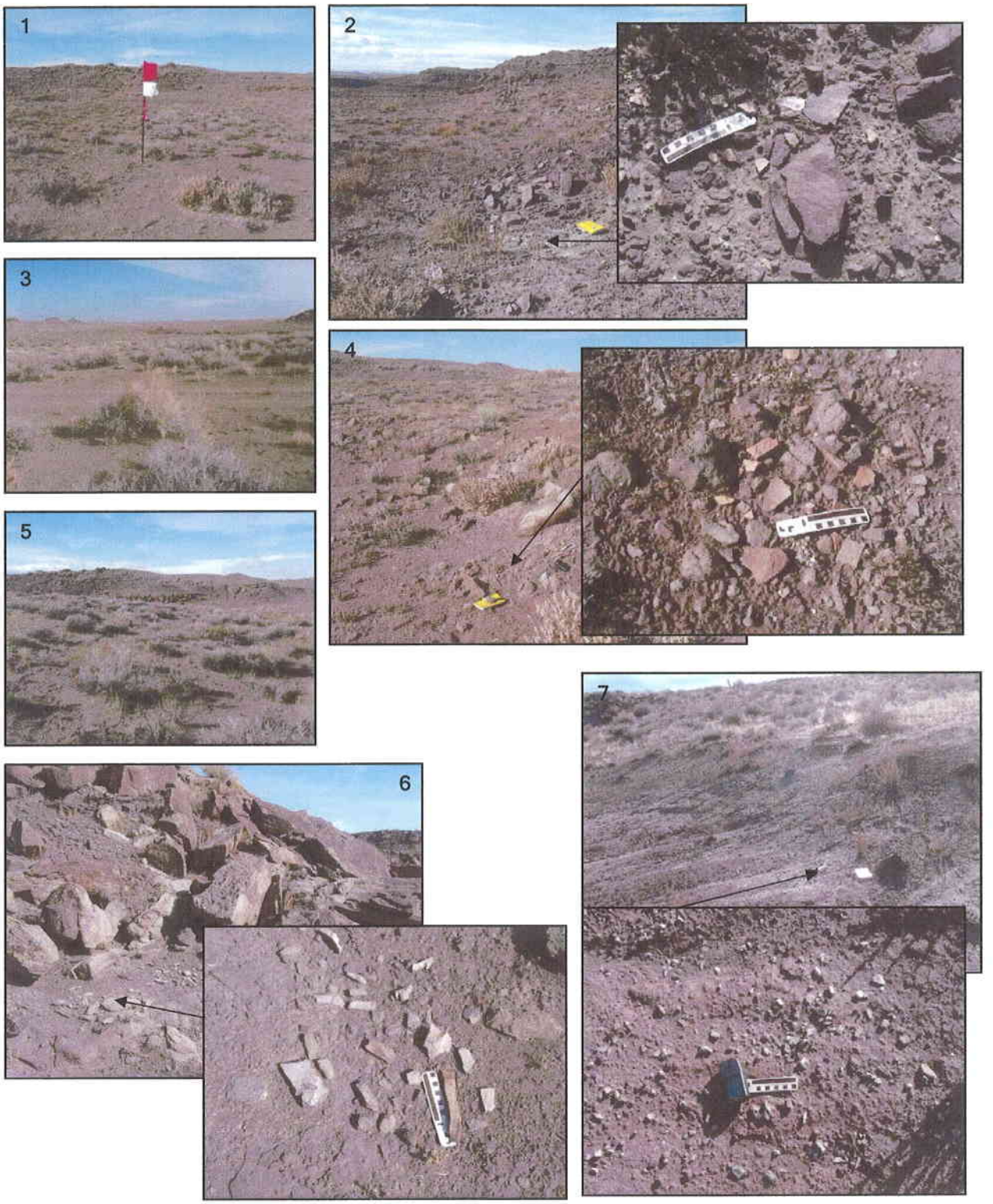


Figure 1. *continued...*

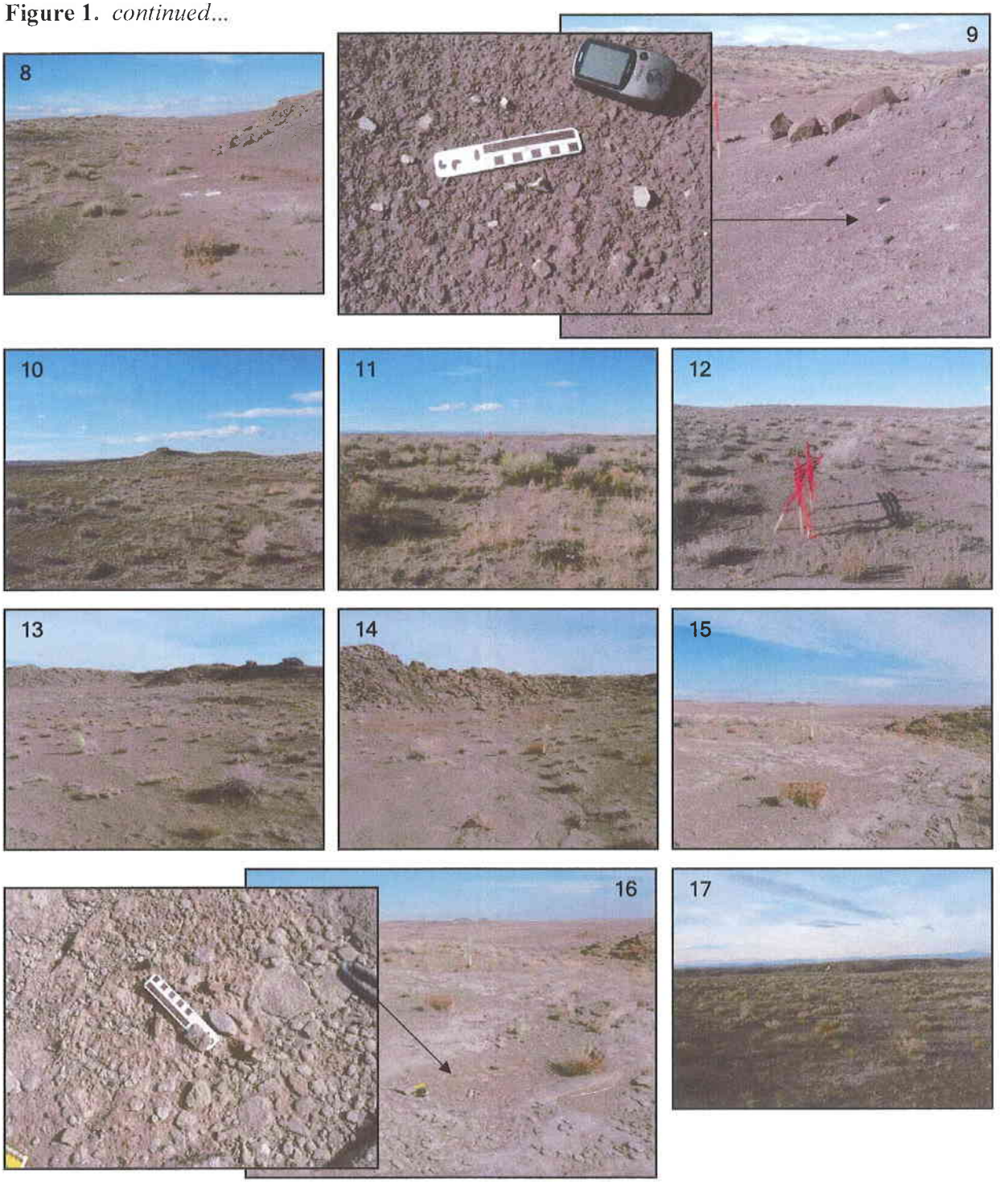
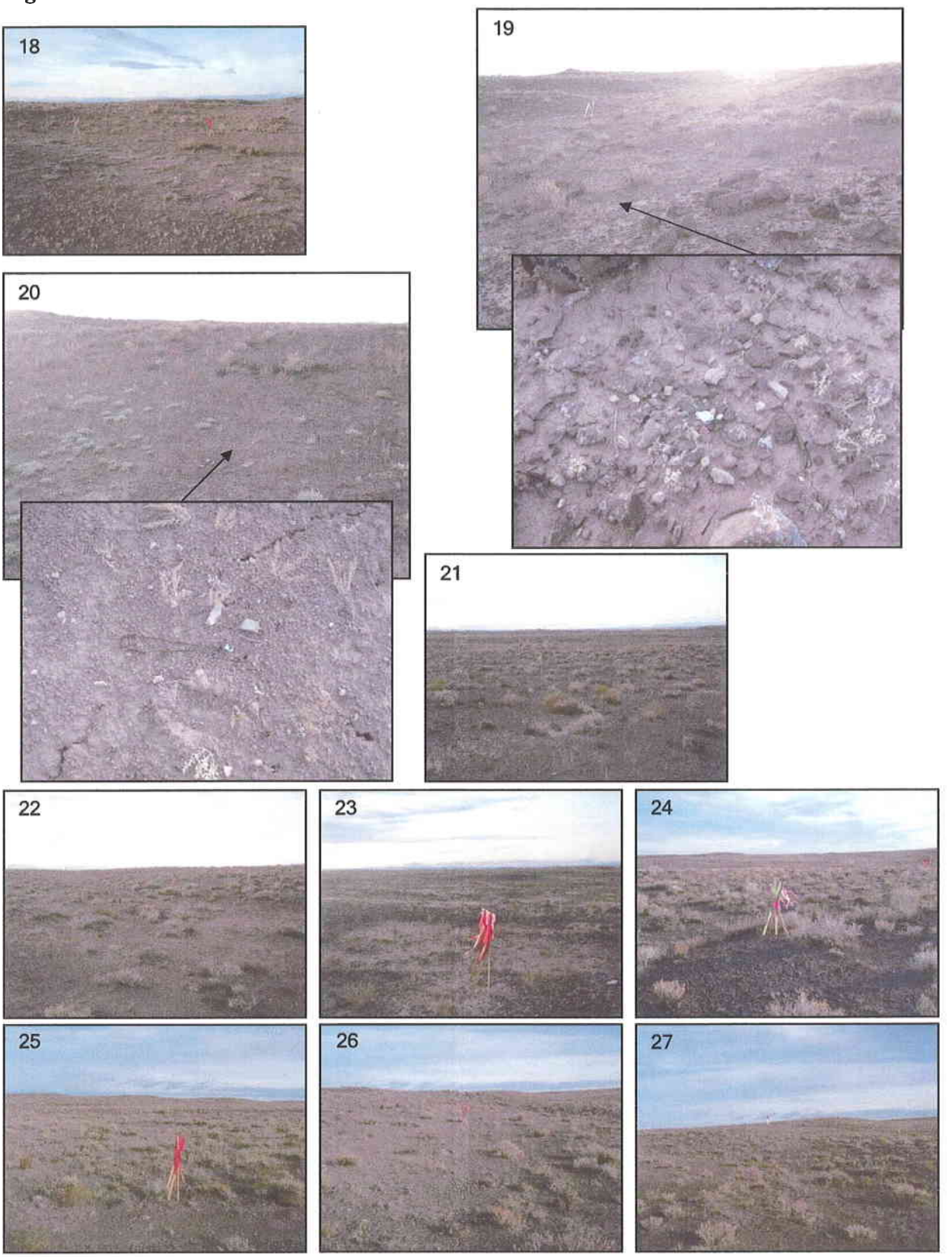


Figure 1. *continued...*



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WORKSHEET

APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 02/17/2009

API NO. ASSIGNED: 43-047-40563

WELL NAME: STATE 920-32P

OPERATOR: KERR-MCGEE OIL & GAS (N2995)

PHONE NUMBER: 720-929-6666

CONTACT: RALEEN WHITE

PROPOSED LOCATION:

SESE 32 090S 200E

SURFACE: 0563 FSL 0599 FEL

BOTTOM: 0563 FSL 0599 FEL

COUNTY: UINTAH

LATITUDE: 39.98533 LONGITUDE: -109.68257

UTM SURF EASTINGS: 612484 NORTHINGS: 4426750

FIELD NAME: NATURAL BUTTES (630)

INSPECT LOCATN BY: / /		
Tech Review	**Initials**	**Date**
Engineering	DRD	4/23/09
Geology		
Surface		

LEASE TYPE: 3 - State

LEASE NUMBER: ML-21509

PROPOSED FORMATION: WSMVD

SURFACE OWNER: 2 - Indian

COALBED METHANE WELL? NO

RECEIVED AND/OR REVIEWED:

✓ Plat

✓ Bond: Fed[] Ind[] Sta[] Fee[]
(No. 22013542)

NA Potash (Y/N)

Y Oil Shale 190-5 (B) or 190-3 or 190-13

✓ Water Permit
(No. 43-8496)

NA RDCC Review (Y/N)
(Date:)

N/A Fee Surf Agreement (Y/N)

N/A Intent to Commingle (Y/N)

LOCATION AND SITING:

___ R649-2-3.

Unit: ___

✓ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells

___ R649-3-3. Exception

___ Drilling Unit
Board Cause No: ___
Eff Date: ___
Siting: ___

___ R649-3-11. Directional Drill

COMMENTS: ___

STIPULATIONS:
1- Federal Approval
2- Spacing Stip
3- Oil Shale
4- Surface Csg Cmt Stip
5- Statement of Basis

API Number: 4304740563

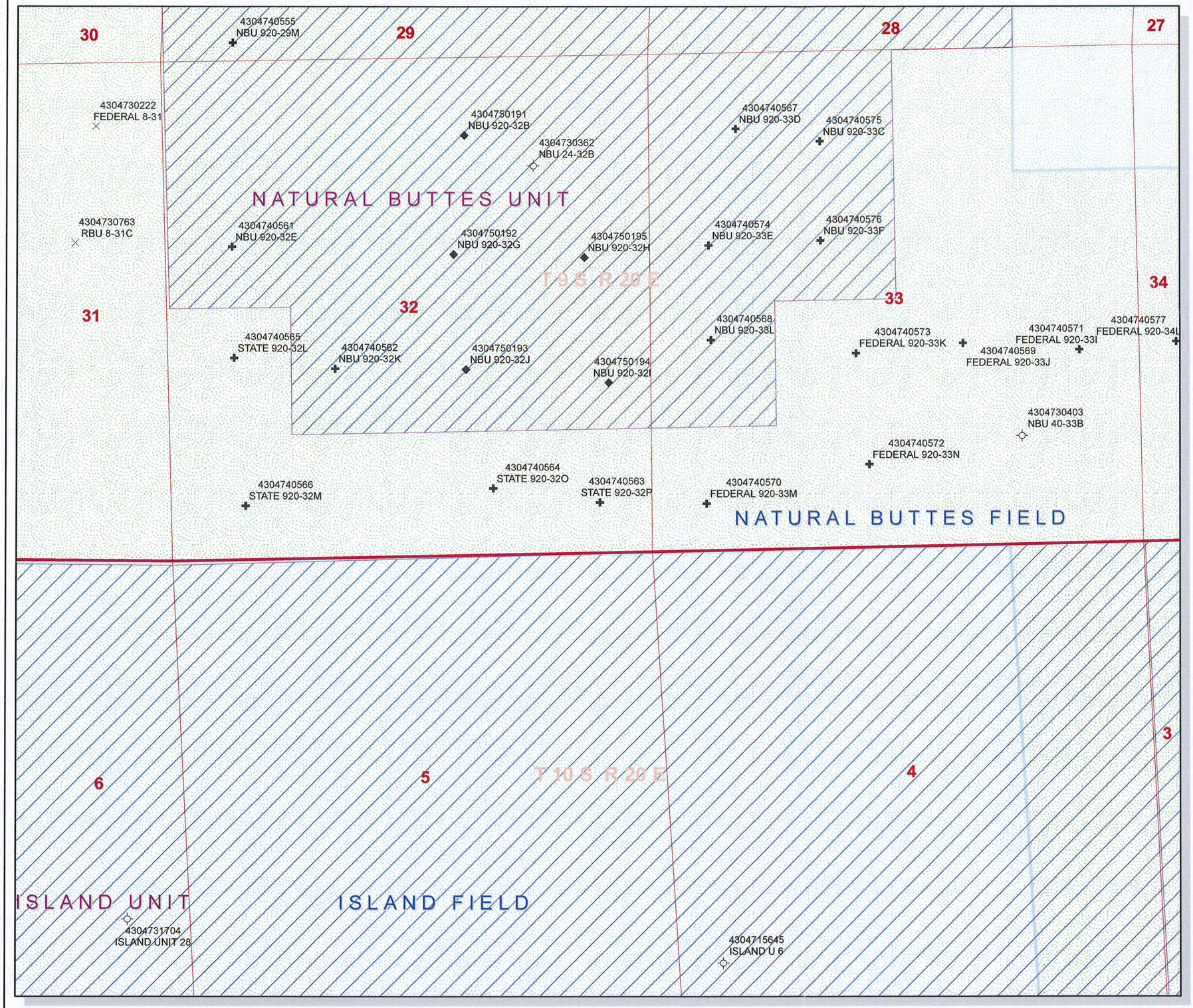
Well Name: STATE 920-32P

Township 09.0 S Range 20.0 E Section 32

Meridian: SLBM

Operator: KERR-MCGEE OIL & GAS ONSHORE, L.P.

Map Prepared:
Map Produced by Diana Mason



Units

STATUS
- ACTIVE
- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Fields

STATUS
- ACTIVE
- COMBINED
- Sections
- Township

Wells Query Events
- <all other values>

GIS_STAT_TYPE
- <Null>
- APD
- DRL
- GI
- GS
- LA
- NEW
- OPS
- PA
- PGW
- POW
- RET
- SGW
- SOW
- TA
- TW
- WD
- WI
- WS

1,500 750 0 1,500 Feet

1:13,285

Application for Permit to Drill
Statement of Basis

APD No	API WellNo	Status	Well Type	Surf Ownr	CBM
1448	43-047-40563-00-00		GW	I	No

Operator KERR-MCGEE OIL & GAS ONSHORE, L.P. **Surface Owner-APD**
Well Name STATE 920-32P **Unit**
Field NATURAL BUTTES **Type of Work**
Location SESE 32 9S 20E S 563 FSL 599 FEL GPS Coord (UTM) 612484E 4426750N

Geologic Statement of Basis

Kerr McGee proposes to set 2,800' of surface casing at this location. The depth to the base of the moderately saline water at this location is estimated to be at a depth of 1,400'. A search of Division of Water Rights records shows no water wells within a 10,000 foot radius of the center of Section 32. The surface formation at this site is the Uinta Formation. The Uinta Formation is made up of interbedded shales and sandstones. The sandstones are mostly lenticular and discontinuous and should not be a significant source of useable ground water. The proposed casing and cement should adequately protect. Any usable ground water.

Brad Hill — 4/27/2009
APD Evaluator — **Date / Time**

Surface Statement of Basis

The surface rights for the proposed well are owned by the Ute Tribe. The operator is responsible for obtaining any required surface permits or rights-of-way.

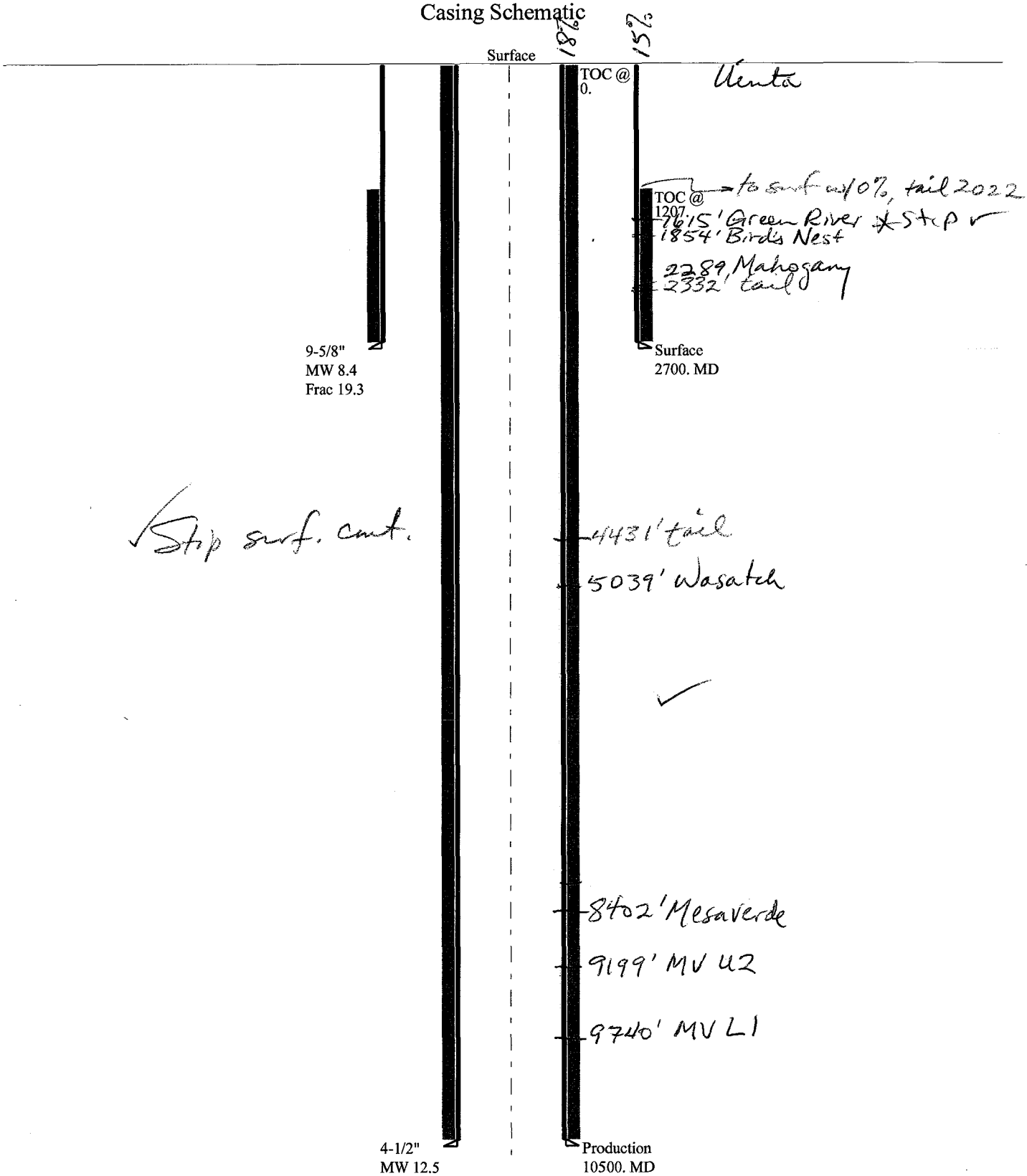
Brad Hill — 4/27/2009
Onsite Evaluator — **Date / Time**

Conditions of Approval / Application for Permit to Drill

Category	Condition
	None

43047405630000 State 920-32P

Casing Schematic



Well name:	**43047405630000 State 920-32P**
Operator:	**Kerr McGee Oil & Gas Onshore L.P.**
String type:	Surface
Project ID:	43-047-40563-0000
Location:	Uintah County, Utah

Design parameters:

Collapse
Mud weight: 8.400 ppg
Design is based on evacuated pipe.

Burst
Max anticipated surface pressure: 2,106 psi
Internal gradient: 0.220 psi/ft
Calculated BHP 2,700 psi

No backup mud specified.

Minimum design factors:

Collapse:
Design factor 1.125

Burst:
Design factor 1.00

Tension:
8 Round STC: 1.80 (J)
8 Round LTC: 1.80 (J)
Buttress: 1.60 (J)
Premium: 1.50 (J)
Body yield: 1.50 (B)

Tension is based on buoyed weight.
Neutral point: 2,364 ft

Environment:
H2S considered? No
Surface temperature: 75 °F
Bottom hole temperature: 113 °F
Temperature gradient: 1.40 °F/100ft
Minimum section length: 1,300 ft

Cement top: 1,207 ft

Non-directional string.

Re subsequent strings:
Next setting depth: 10,500 ft
Next mud weight: 12.500 ppg
Next setting BHP: 6,818 psi
Fracture mud wt: 19.250 ppg
Fracture depth: 2,700 ft
Injection pressure: 2,700 psi

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft^3)
1	2700	9.625	36.00	J-55	LT&C	2700	2700	8.796	1171.9

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	1178	2020	1.715	2700	3520	1.30	85	453	5.32 J

Prepared by: Helen Sadik-Macdonald, Div of Oil,Gas & Mining
Phone: (801) 538-5357
FAX: (801) 359-3940
Date: April 16,2009
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 2700 ft, a mud weight of 8.4 ppg The casing is considered to be evacuated for collapse purposes. Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

Well name:	**43047405630000 State 920-32P**
Operator:	**Kerr McGee Oil & Gas Onshore L.P.**
String type:	Production
Project ID:	43-047-40563-0000
Location:	Uintah County, Utah

Design parameters:

Collapse

Mud weight:	12.500 ppg
Internal fluid density:	2.330 ppg

Burst

Max anticipated surface pressure:	4,508 psi
Internal gradient:	0.220 psi/ft
Calculated BHP	6,818 psi

No backup mud specified.

Minimum design factors:

Collapse:

Design factor	1.125

Burst:

Design factor	1.00

Tension:

8 Round STC:	1.80 (J)
8 Round LTC:	1.80 (J)
Buttress:	1.60 (J)
Premium:	1.50 (J)
Body yield:	1.50 (B)

Tension is based on buoyed weight.
Neutral point: 8,538 ft

Environment:

H2S considered?	No
Surface temperature:	75 °F
Bottom hole temperature:	222 °F
Temperature gradient:	1.40 °F/100ft
Minimum section length:	1,500 ft
Cement top:	Surface

Non-directional string.

Run Seq	Segment Length (ft)	Size (in)	Nominal Weight (lbs/ft)	Grade	End Finish	True Vert Depth (ft)	Measured Depth (ft)	Drift Diameter (in)	Internal Capacity (ft³)
1	10500	4.5	11.60	P-110	LT&C	10500	10500	3.875	916.3

Run Seq	Collapse Load (psi)	Collapse Strength (psi)	Collapse Design Factor	Burst Load (psi)	Burst Strength (psi)	Burst Design Factor	Tension Load (Kips)	Tension Strength (Kips)	Tension Design Factor
1	5547	7580	1.366	6818	10690	1.57	99	279	2.82 J

Prepared by: Helen Sadik-Macdonald
Div of Oil,Gas & Mining
Phone: (801) 538-5357
FAX: (801) 359-3940
Date: March 26,2009
Salt Lake City, Utah

Remarks:
Collapse is based on a vertical depth of 10500 ft, a mud weight of 12.5 ppg An internal gradient of .121 psi/ft was used for collapse from TD
Collapse strength is based on the Westcott, Dunlop & Kemler method of biaxial correction for tension.

Burst strength is not adjusted for tension.

Engineering responsibility for use of this design will be that of the purchaser.

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BOPE REVIEW — Kerr-McGee NBU 920-32P API 43-047-40563-0000

INPUT

Well Name	Kerr-McGee NBU 920-32P API 43-047-40563-0000			
	String 1	String 2		
Casing Size (")	9 5/8	4 1/2		
Setting Depth (TVD)	2700	10500		
Previous Shoe Setting Depth (TVD)	40	2700		
Max Mud Weight (ppg)	8.4	12.5		
BOPE Proposed (psi)	500	5000		
Casing Internal Yield (psi)	3520	10690		
Operators Max Anticipated Pressure (psi)	6705	12.3 ppg		

Calculations	String 1	9 5/8 "		
Max BHP [psi]	.052*Setting Depth*MW =	1179		
			BOPE Adequate For Drilling And Setting Casing at Depth?	
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	855	NO	Air Drill to surface shoe with diverter
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	585	NO	
			*Can Full Expected Pressure Be Held At Previous Shoe?	
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	594	NO	Reasonable Depth in area
Required Casing/BOPE Test Pressure		2464	psi	
*Max Pressure Allowed @ Previous Casing Shoe =		40	psi	*Assumes 1psi/ft frac gradient

Calculations	String 2	4 1/2 "		
Max BHP [psi]	.052*Setting Depth*MW =	6825		
			BOPE Adequate For Drilling And Setting Casing at Depth?	
MASP (Gas) [psi]	Max BHP-(0.12*Setting Depth) =	5565	NO	
MASP (Gas/Mud) [psi]	Max BHP-(0.22*Setting Depth) =	4515	YES ✓	
			*Can Full Expected Pressure Be Held At Previous Shoe?	
Pressure At Previous Shoe	Max BHP-.22*(Setting Depth - Previous Shoe Depth) =	5109	NO ← Reasonable	
Required Casing/BOPE Test Pressure		5000	psi	
*Max Pressure Allowed @ Previous Casing Shoe =		2700	psi	*Assumes 1psi/ft frac gradient

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

April 27, 2009

Kerr-McGee Oil & Gas Onshore, LP
P O Box 173779
Denver, CO 80202-3779

Re: State 920-32P Well, 563' FSL, 599' FEL, SE SE, Sec. 32, T. 9 South, R. 20 East, Uintah County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann.§ 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-40563.

Sincerely,

Gil Hunt
Associate Director

pab
Enclosures

cc: Uintah County Assessor
SITLA
Bureau of Land Management, Vernal Office

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING

Operator: Kerr-McGee Oil & Gas Onshore, LP

Well Name & Number State 920-32P

API Number: 43-047-40563

Lease: ML-21509

Location: SE SE **Sec.** 32 **T.** 9 South **R.** 20 East

Conditions of Approval

1. **General**

   Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. **Notification Requirements**

   The operator is required to notify the Division of Oil, Gas and Mining of the following action during drilling of this well:

   - 24 hours prior to cementing or testing casing – contact Dan Jarvis
   - 24 hours prior to testing blowout prevention equipment – contact Dan Jarvis
   - 24 hours prior to spudding the well – contact Carol Daniels
   - Within 24 hours of any emergency changes made to the approved drilling program – contact Dustin Doucet
   - Prior to commencing operations to plug and abandon the well – contact Dan Jarvis

   The operator is required to get approval from the Division of Oil, Gas and Mining before performing any of the following actions during the drilling of this well:

   - Plugging and abandonment or significant plug back of this well – contact Dustin Doucet
   - Any changes to the approved drilling plan – contact Dustin Doucet

   The following are Division of Oil, Gas and Mining contacts and their telephone numbers (please leave a voice mail message if the person is not available to take the call):

   - Dan Jarvis at: (801) 538-5338 office (801) 942-0871 home
   - Carol Daniels at: (801) 538-5284 office
   - Dustin Doucet at: (801) 538-5281 office (801) 733-0983 home

3. **Reporting Requirements**

   All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. Compliance with the State of Utah Antiquities Act forbids disturbance of archeological, historical, or paleontological remains. Should archeological, historical or paleontological remains be encountered during your operations, you are required to immediately suspend all operations and immediately inform the Trust Lands Administration and the Division of State History of the discovery of such remains.

5. In accordance with Order in Cause No. 190-5(b) dated October 28, 1982, the Operator shall comply with requirements of Rules R649-3-31 and R649-3-27 pertaining to Designated Oil Shale Areas. Additionally, the operator shall ensure that the surface and/or production casing is properly cemented over the entire oil shale interval as defined by Rule R649-3-31. The Operator shall report the actual depth the oil shale is encountered to the Division.

6. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

7. Compliance with the Conditions of Approval/Application for Permit to Drill outlined in the Statement of Basis. (Copy Attached)

8. Surface casing shall be cemented to the surface.

9. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

API Well No: 43047405630000

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

5.LEASE DESIGNATION AND SERIAL NUMBER: ML-21509

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: UTE

7.UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL Gas Well

8. WELL NAME and NUMBER: STATE 920-32P

2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.

9. API NUMBER: 43047405630000

3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779

PHONE NUMBER: 720 929-6007 Ext

9. FIELD and POOL or WILDCAT: NATURAL BUTTES

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 0563 FSL 0599 FEL
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SESE Section: 32 Township: 09.0S Range: 20.0E Meridian: S

COUNTY: UINTAH

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
✓ NOTICE OF INTENT Approximate date work will start: 4/27/2010	☐ ACIDIZE	☐ ALTER CASING	☐ CASING REPAIR
☐ SUBSEQUENT REPORT Date of Work Completion:	☐ CHANGE TO PREVIOUS PLANS	☐ CHANGE TUBING	☐ CHANGE WELL NAME
☐ SPUD REPORT Date of Spud:	☐ CHANGE WELL STATUS	☐ COMMINGLE PRODUCING FORMATIONS	☐ CONVERT WELL TYPE
☐ DRILLING REPORT Report Date:	☐ DEEPEN	☐ FRACTURE TREAT	☐ NEW CONSTRUCTION
	☐ OPERATOR CHANGE	☐ PLUG AND ABANDON	☐ PLUG BACK
	☐ PRODUCTION START OR RESUME	☐ RECLAMATION OF WELL SITE	☐ RECOMPLETE DIFFERENT FORMATION
	☐ REPERFORATE CURRENT FORMATION	☐ SIDETRACK TO REPAIR WELL	☐ TEMPORARY ABANDON
	☐ TUBING REPAIR	☐ VENT OR FLARE	☐ WATER DISPOSAL
	☐ WATER SHUTOFF	☐ SI TA STATUS EXTENSION	✓ APD EXTENSION
	☐ WILDCAT WELL DETERMINATION	☐ OTHER	OTHER:

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you.

Approved by the Utah Division of Oil, Gas and Mining

Date: May 03, 2010

By:

NAME (PLEASE PRINT)	PHONE NUMBER	TITLE
Danielle Piernot	720 929-6156	Regulatory Analyst
SIGNATURE N/A		**DATE** 4/27/2010

RECEIVED April 27, 2010

The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources
Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047405630000

API: 43047405630000
Well Name: STATE 920-32P
Location: 0563 FSL 0599 FEL QTR SESE SEC 32 TWNP 090S RNG 200E MER S
Company Permit Issued to: KERR-MCGEE OIL & GAS ONSHORE, L.P.
Date Original Permit Issued: 4/27/2009

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision. Following is a checklist of some items related to the application, which should be verified.

- **If located on private land, has the ownership changed, if so, has the surface agreement been updated?** ○ **Yes** ◉ **No**
- **Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location?** ○ **Yes** ◉ **No**
- **Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well?** ○ **Yes** ◉ **No**
- **Have there been any changes to the access route including ownership, or rightof- way, which could affect the proposed location?** ○ **Yes** ◉ **No**
- **Has the approved source of water for drilling changed?** ○ **Yes** ◉ **No**
- **Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation?** ○ **Yes** ◉ **No**
- **Is bonding still in place, which covers this proposed well?** ◉ **Yes** ○ **No**

Approved by the Utah Division of Oil, Gas and Mining

Signature: Danielle Piernot **Date:** 4/27/2010
Title: Regulatory Analyst **Representing:** KERR-MCGEE OIL & GAS ONSHORE, L.P.

Date: May 03, 2010
By:

RECEIVED April 27, 2010

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS, AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

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5.LEASE DESIGNATION AND SERIAL NUMBER: ML-21509

6. IF INDIAN, ALLOTTEE OR TRIBE NAME: UTE

7.UNIT or CA AGREEMENT NAME:

1. TYPE OF WELL Gas Well

8. WELL NAME and NUMBER: STATE 920-32P

2. NAME OF OPERATOR: KERR-MCGEE OIL & GAS ONSHORE, L.P.

9. API NUMBER: 43047405630000

3. ADDRESS OF OPERATOR: P.O. Box 173779 1099 18th Street, Suite 600, Denver, CO, 80217 3779 **PHONE NUMBER:** 720 929-6515 Ext

9. FIELD and POOL or WILDCAT: NATURAL BUTTES

4. LOCATION OF WELL
FOOTAGES AT SURFACE: 0563 FSL 0599 FEL
QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: Qtr/Qtr: SESE Section: 32 Township: 09.0S Range: 20.0E Meridian: S

COUNTY: UINTAH

STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
✓ NOTICE OF INTENT Approximate date work will start: 4/27/2011	☐ ACIDIZE	☐ ALTER CASING	☐ CASING REPAIR
☐ SUBSEQUENT REPORT Date of Work Completion:	☐ CHANGE TO PREVIOUS PLANS	☐ CHANGE TUBING	☐ CHANGE WELL NAME
	☐ CHANGE WELL STATUS	☐ COMMINGLE PRODUCING FORMATIONS	☐ CONVERT WELL TYPE
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	☐ OPERATOR CHANGE	☐ PLUG AND ABANDON	☐ PLUG BACK
☐ SPUD REPORT Date of Spud:	☐ PRODUCTION START OR RESUME	☐ RECLAMATION OF WELL SITE	☐ RECOMPLETE DIFFERENT FORMATION
	☐ REPERFORATE CURRENT FORMATION	☐ SIDETRACK TO REPAIR WELL	☐ TEMPORARY ABANDON
	☐ TUBING REPAIR	☐ VENT OR FLARE	☐ WATER DISPOSAL
☐ DRILLING REPORT Report Date:	☐ WATER SHUTOFF	☐ SI TA STATUS EXTENSION	✓ APD EXTENSION
	☐ WILDCAT WELL DETERMINATION	☐ OTHER	OTHER:

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Kerr-McGee Oil & Gas Onshore, L.P. (Kerr-McGee) respectfully requests an extension to this APD for the maximum time allowed. Please contact the undersigned with any questions and/or comments. Thank you.

Approved by the Utah Division of Oil, Gas and Mining

Date: 04/14/2011

By:

NAME (PLEASE PRINT)	PHONE NUMBER	TITLE
Andy Lytle	720 929-6100	Regulatory Analyst
SIGNATURE N/A		**DATE** 4/7/2011

RECEIVED Apr. 07, 2011

The Utah Division of Oil, Gas, and Mining

- State of Utah
- Department of Natural Resources

Electronic Permitting System - Sundry Notices

Request for Permit Extension Validation Well Number 43047405630000

API: 43047405630000
Well Name: STATE 920-32P
Location: 0563 FSL 0599 FEL QTR SESE SEC 32 TWNP 090S RNG 200E MER S
Company Permit Issued to: KERR-MCGEE OIL & GAS ONSHORE, L.P.
Date Original Permit Issued: 4/27/2009

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- **Is bonding still in place, which covers this proposed well?** ◉ **Yes** ○ **No**

Signature: Andy Lytle **Date:** 4/7/2011
Title: Regulatory Analyst **Representing:** KERR-MCGEE OIL & GAS ONSHORE, L.P.

RECEIVED Apr. 07, 2011

GARY R. HERBERT
Governor
GREG BELL
Lieutenant Governor

State of Utah
DEPARTMENT OF NATURAL RESOURCES
MICHAEL R. STYLER
Executive Director
Division of Oil, Gas and Mining
JOHN R. BAZA
Division Director

June 14, 2012

Kerr-McGee Oil & Gas Onshore, L.P.
P.O. Box 173779
Denver, CO 80217

Re: APD Rescinded – State 920-32P, Sec. 32, T.9S, R. 20E
Uintah County, Utah API No. 43-047-40563

Ladies and Gentlemen:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on April 27, 2009. On May 3, 2010 and April 14, 2011 the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective June 14, 2012.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

Diana Mason
Environmental Scientist

cc: Well File
Bureau of Land Management, Vernal
SITLA, Ed Bonner

1594 West North Temple, Suite 1210, PO Box 145801, Salt Lake City, UT 84114-5801
telephone (801) 538-5340 • facsimile (801) 359-3940 • TTY (801) 538-7458 • *www.ogm.utah.gov*

UTAH DNR OIL, GAS & MINING